THE FINANCES OF AMERICAN TRADE UNIONS

SERIES XXIV NOS. 4-3

JOHNS HOPKINS UNIVERSITY STUDIES
IN
HISTORICAL AND POLITICAL SCIENCE
(Edited by H. B. Adams, 1882-1901)

J. M. VINCENT
J. H. HOLLANDER W. W. WILLOUGHBY
Editors

THE FINANCES OF AMERICAN TRADE UNIONS

BY
A. M. SAKOLSKI, PH.D.

BALTIMORE
THE JOHNS HOPKINS PRESS
PUBLISHED MONTHLY
March-April, 1906

Copyright, 1906, by
THE JOHNS HOPKINS PRESS

PRESS OF
THE NEW ERA PRINTING COMPANY
LANCASTER, PA.

TABLE OF CONTENTS.

PART I.

REVENUE.

			PAGE
CHAPTER	I.	Ordinary Revenue	9
CHAPTER	II.	Extraordinary Revenue	34

PART II.

EXPENDITURE.

CHAPTER	I.	Strike Expenditure	45
CHAPTER	II.	Beneficiary Expenditure	71
CHAPTER	III.	General Expenditure	101

PART III.

ADMINISTRATION.

CHAPTER	I.	Administration	123

PREFACE.

This monograph was prepared and completed while the author was a graduate student in Political Economy at the Johns Hopkins University. It is one of a series of investigations into the various phases of American trade unionism that have engaged the members of the Economy Seminary of the Johns Hopkins University during the past four years. The study is confined almost entirely to the leading American national and international trade unions, and no attempt has been made to study the finances of local trade unions or federations.

In every stage of the work, I have received valuable advice and assistance from Prof. J. H. Hollander and Dr. George E. Barnett, of the Department of Political Economy of the Johns Hopkins University.

THE FINANCES OF AMERICAN TRADE UNIONS.

PART I.

REVENUE.

CHAPTER I.

ORDINARY REVENUE.

The policy of high dues and large benefits adopted for many years by British trade unions has gained favor slowly among organized workmen on this continent. The great mass of American trade unions consequently lack the centralization which follows the inauguration of an efficient system of revenue and the accumulation of reserve funds. The comparative youth of labor organizations in the United States is largely responsible for their decentralization. The oldest American national union dates back hardly more than a half century, whereas the leading British organizations now possessing large financial resources were in existence long before.

Under the system of government prevailing in most American trade unions, each local unit regulates its own membership dues and assessments, expends and invests its funds in a manner best suited to its own needs, without interference or control by the national organization. This principle of local self government, appearing even in the constitutions of the oldest national unions, arises partly from differences in race and character of the membership, but principally from the wide territory, comprising sections

differing radically in economic and industrial conditions, covered by the national trade organizations on this continent.[1]

In the early period of the labor movement on this continent, previous to the formation of national unions, associations and combinations of workmen were scattered, disconnected and purely local in character. Members of the same trade in each industrial center organized independently of the workmen of other communities. There was little communication or promotion of the common interests of workmen of the same craft outside of one locality. With improvement in the means of transportation and communication and the consequent equalization of industrial conditions in different sections of the country, workmen of all localities were brought into competition with each other, and loose alliances of local unions for mutual protection and harmonious action began to be formed. From these alliances were evolved, after a slow process of growth and concentration, such powerful national and international trade associations as the International Typographical Union, the Cigar Makers' International Union, the Iron Molders' Union of North America, the International Association of Machinists and others of similar type.[2]

---

[1] Although this last consideration is of less consequence at present, owing to improved facilities of communication and transportation, it was, nevertheless, quite a factor, half or even a quarter of a century ago. Thus, Professor Cairnes, the English economist writing in 1874, considered it very doubtful whether trade unions in the United States, because of the large territory covered by their jurisdiction, could ever become sufficiently powerful to be effective throughout the entire country; see Cairnes, "Some Leading Principles of Political Economy," p. 230.

[2] The dates of the formation of the earlier national unions are as follows:

International Typographical Union of North America	1850
Tack Makers' Protective Union of the United States and Canada	1854
Stone Cutters' Union	1854
Hat Finishers' International Association of North America	1854
Iron Molders' Union of North America	1859
Grand International Brotherhood of Locomotive Engineers	1863
Cigar Makers' International Union of America	1864
Bricklayers' and Masons' International Union of America	1865

The loose character of these early associations did not require large financial resources. The local bodies composing them generally retained for themselves almost complete independence and authority. The only functions transferred to the national organizations were the supervision of the "travelling card"[3] and the collection of voluntary contributions for the aid of local unions in conducting strikes. Thus, the International Typographical Union, the first trade union of national scope in America, for more than two decades after its formation in 1850, was a mere alliance of local bodies, held together by the common recognition of the "union card" and the annual meeting of local delegates convened for the purpose of formulating trade rules. The early structure of the Iron Molders' Union was of a similar decentralized character, the collection of voluntary contributions for the aid of local unions on strike, being the only additional function exercised by the national organization. In other early organizations, the sphere of action of the national union, as distinct from that of the locals composing it, was likewise confined to a few supervisory functions.

Limited thus, both in activity and in authority, the early national unions were granted revenues of an essentially meagre character. In the International Typographical Union, for example, the entire income during the first ten years, consisted of a small portion, never exceeding five per cent. of the local receipts. This tax was paid annually by each local as a fee for the privilege of seating delegates in the general convention.[4] The early revenue provisions of the Iron Molders' Union were similar, the first consti-

---

Brotherhood of Locomotive Firemen 1873
International Union of Horseshoers of the United States and Canada 1875
Amalgamated Association of Iron and Steel Workers..... 1876
Window Glass Blowers' Association 1877
Granite Cutters' National Union..... 1877

[3] By means of this "travelling" or "union card" a member moving from the jurisdiction of one local to that of another, was entitled to all the privileges of membership therein.

[4] See Proceedings of the Seventh Annual Session, Appendix, p. 35.

tution drafted in 1859 merely requiring the payment of a yearly contribution of ten dollars by each local, and a further sum of ten dollars for each delegate to which the locals were entitled.[5] During the formative periods of the Cigar Makers' International Union, the Bricklayers' and Masons' Union and the International Union of Journeymen Horseshoers, the funds collected for general use rarely amounted in any instance to more than a thousand dollars a year.[6]

Only after the national unions in the process of their development had extended their functions and had enlarged their powers were larger revenues granted for their support. The process of centralization in some organizations has been more rapid than in others. Consequently some have experienced rapid growth in fiscal resources. The relation between the growth of revenue and the development of structure is of the highest importance to an understanding of the history of American trade unions. It is principally to improvement in financial resources and fiscal organization that the best constituted and most progressive unions owe their present stability and power. In developing their systems of finance, American national trade unions, with but few exceptions, have pursued a policy differing from that of the older British organizations. When the English local unions joined together into national associations "it was generally assumed that any cash in the possession of any branch was available for the needs of any other branch"[7] and accordingly no provision was made for the maintenance of central funds for common use. This system of "community of funds," however, found no place in the early constitutions of American national unions and

[5] This was replaced the next year by an annual tax of five cents per member, paid from the funds of the local unions: see Iron Molders, Journal, November, 1888, p. 2, and December, 1888, p. 2.

[6] Thus the receipts of the Cigar Makers' National Union during the first year of its existence (1865) amounted to but $191.05, and the year following to $531.30; see Journal and Program of the Cigar Makers' International Union, Twentieth Session (Chicago). pp. 47, 48.

[7] Webb, Industrial Democracy, new edition, p. 91.

has always been strongly opposed by the rank and file of the membership. The American national unions at their very inception established central treasuries, distinct from the treasuries of their local branches and for which a fixed revenue was generally provided.

This method of supporting a central fund for the use of the general organization known among the trade unionists as the "per capita tax system" proved to be the most convenient fiscal system that could be devised under the prevailing federated type of American trade-union structure. Unlike the British system of "community of funds," it neither entails a system of uniform dues and benefits among the local branches, nor does it infringe upon the freedom of the locals in the regulation of local finances. The principle of local autonomy is thus observed, and at the same time, since the locals can apportion their funds to suit their own peculiar needs, the difficulties arising from the adjustment of local and national incomes are obviated.

The British national unions, enforcing systems of uniform dues, fees and other membership charges and having full authority to call upon the funds in the possession of their local branches when in need of revenue, do not find it necessary to levy a tax for the maintenance of a central fund for general use. For example, in the Amalgamated Association of Carpenters and Joiners (a British organization having branches in the United States since 1863) all local receipts are held "in trust" by the local branches. Each branch reports quarterly, or oftener if required, to the secretary of the division to which it belongs. Should the division office, or even the central headquarters at Manchester, England, require money for current expenses or to aid a local branch in financial distress, the secretary thereof is empowered to draw upon the funds of one or more branches that he may select for the purpose. In every instance the order must be obeyed, regardless of the will of the subordinate organizations concerned. Thus, under this arrangement it may happen that a branch located in

New York will be ordered to forward money to a sister branch in Liverpool, England, which is short of funds, while another branch in San Francisco, by reason of its good financial condition, may be required to remit a large sum to headquarters to meet a deficiency there for current expenses. Under a centralized financial organization of this kind the funds in the possession of the local units composing a national union continually undergo a process of equalization, thereby causing each to share alike in the losses and gains of the others. There is thus involved a direct conflict with the principle of local autonomy, a condition which explains the unpopularity of the "nationalized"[8] system of finance among the trade unions of this country.

The most noteworthy instance of the successful adoption of this system of "community of funds" or "nationalization and equalization system" as it is called, is that of the Cigar Makers' International Union in 1879. Previous thereto, this union, as far as its finances were concerned, was no better off than other national labor organizations. The meagre income received from the small per capita tax levied on the locals was barely sufficient to pay the limited expenses of the general office consisting then largely of items for printing and postage. No steps were taken to accumulate reserve funds, and in consequence financial assistance for strikes had to come from special assessments levied upon the membership. The beneficiary features undertaken by the international union were so weak in character and so laxly conducted that they were soon abandoned. The entire income of the organization rarely amounted to a hundred dollars per month. Most of the locals were usually in arrears for their per capita tax, and no adequate means existed to enforce collection. In 1877 when the union was reduced to but seventeen locals and seemed to be on the verge of collapse, Mr. Adolph Strasser, of the New York local, was

[8] The British "community of funds" system is thus designated in contradistinction to the American independent treasury system.

elected its president. Through his efforts, the present financial system was inaugurated two years later.

The basis of this new system, drawn in almost every particular from the British unions, was the institution of uniform dues and initiation fees throughout the entire organization and a periodic equalization of the funds of the local unions. All revenue regularly accruing to the locals is thus regarded as the property of the International Union and is simply held in trust by the former. The immediate effect of the system was to do away with the independent treasuries formerly maintained by the locals. It also resulted ultimately in the abolition of the per capita tax levied for meeting expenses of the central office. As in the Amalgamated Association of Carpenters and Joiners, the international president of the Cigarmakers may, with the consent of the executive board of the union, draw upon the funds in such locals as he may select, to meet the expenditures incurred in the administration of the general organization. No local can refuse such financial assistance when ordered by the international officers. Neither can any local union, because of these drafts upon its income, enjoy for any length of time a financial advantage over the others. By a process of equalization carried out annually, each shares alike in the fortunes and misfortunes of the others.

The successful working of this system requires, necessarily, a limitation upon expenditures for local purposes. This limitation varies according to the number of members composing each local union. Thus, unions having a membership of less than thirty may expend as much as thirty per cent. of their gross receipts for local purposes, while those whose membership ranges from thirty to fifty and from fifty upwards are limited to twenty-five and fifteen per cent respectively.[9] If a local union happens to spend more than its legitimate portion or draws upon the reserve fund in its possession without official sanction, it must assess

[9] Constitution of the Cigar Makers' International Union (1896), sec. 171.

its membership to make up the deficiency. Failure to do so renders it liable to suspension from the international organization.

As may readily be inferred, the system also requires a thorough and constant supervision over the financial officers of the local unions and frequent examination into their accounts. Provision was early made that the secretaries of the locals should report all fiscal transactions, at regular intervals, to the international headquarters and that accounts with the latter should be traced by a system of stamp receipts. Further provisions for audit were later adopted. In 1883 the employment of examiners known as "financiers" was authorized, whose duty it is to visit the various locals to inspect their account.[10] With these safeguards, notwithstanding the large sums entrusted to the local officials, very little is lost by misappropriation or fraud.[11]

The advantages of the Cigar Makers' financial system over the prevailing independent local treasury system of American national unions are (1) the enhancement of the financial power of the general organization through the control of the local revenues and the local funds; (2) the support that is given to the smaller and weaker locals by permitting them to share the financial resources of the larger and better equipped unions; and (3) the promotion of trade unity in the organization by direct participation of each local in the struggles and misfortune of the others.

It is evident that a trade union with a financial system, which limits its income to a fixed periodic tax and which is deprived of the power of drawing freely upon the resources of its constituent bodies for the defense of members in every locality and throughout every branch of the trade, cannot acquire the strength and stability of one that has full command over all reserve funds held under its juris-

[10] These officers report their findings to the international president, who publishes them in the official journal of the union.

[11] For a fuller account of the fiscal administration of the Cigar Makers' Union, see pp. 146, 147.

diction. Under the latter arrangement, the combined financial strength of all branches can be easily concentrated in the defense of the very weakest of its number, whereas under the independent local treasury system, the strength of the national trade organization is practically limited by the size of the central fund, regardless of the accumulated reserves in the coffers of local branches. Thus, in 1897, when the International Association of Machinists was considering the adoption of the Cigar Makers' system of finance, attention was called to the fact that the total sum at the command of the general organization amounted to but $4732, whereas the funds held independently by the locals aggregated more than $45,000. If pressed for additional resources to aid a local lodge on strike or to conduct an aggressive movement, the International Association, instead of drawing directly on the available funds in the possession of the locals, would be compelled either to appeal for voluntary contributions or to await the slow returns of a special assessment levy.[12] The financial situation of the International Association of Machinists in 1897 is typical of a large number of American national unions in which the general revenue is insufficient to sustain weaker locals during conflicts.

It is not alone for purposes of defense, however, that the weaker locals of a national trade organization require the financial aid of the stronger. In almost every union are found a number of local lodges, which either because of small membership or adverse circumstances[13] are unable to maintain themselves without outside assistance. Where the independent local treasury system of finance prevails, these lodges are often permitted to disband and their members to join the ranks of the non-unionists. Under the "nationalization and equalization" financial system, however, the weaker locals are aided directly from the funds of the stronger, and a wider control over the labor supply thus assured. Fur-

[12] See Machinists' Journal, vol. 1, p. 428; also Webb, Industrial Democracy (new edition), p. 92.

[13] Such, for instance, as the absconding of a local officer with union funds.

thermore, each individual member, whether the local to which he is attached has but one dollar or one thousand dollars in its possession can claim an equal share in the wealth of the organization at large, and is entitled to the full benefits thereof.[14] Hence the interests of the members become centred in the welfare of the whole organization and not in their respective locals. A certain craft unity results, and the spirit of local selfishness, to some extent a disintegrating force in American trade unionism, is broken down.

Despite its many advantages, however, the "nationalized" financial system of the Cigar Makers' International Union has been adopted by but three other national trade unions on this continent: the German-American Typographia, organized in 1873, and now a branch of the International Typographical Union; the Piano and Organ Workers' Union, organized in 1898; and the United Association of Plumbers and Gas Fitters, which adopted the plan in 1902.[15] The local units composing the majority of American unions still lack the solidarity essential to the introduction of uniform dues and benefits and equalized funds. A considerable number of the national unions of the present day are based on an industry rather than a common craft and accordingly comprise locals whose members differ widely as to occupation, skill and earning capacity.[16] Thus, in the United Garment

[14] The "nationalized" financial system of the Cigar Makers is thus well adapted to the payment of friendly benefits in that it prevents a member losing his right to the benefits when moving from one local to another. On this point see Proceedings of the Sixth General Convention of the United Brotherhood of Carpenters and Joiners, p. 23.

[15] The Iron Molders' Union, though having a system of uniform dues and benefits and equalization of a national sick-benefit fund, held in trust by the locals, still adheres to the per capita tax method of raising revenue for the support of the general office.

[16] Conspicuous examples of such unions are the United Brewery Workmen, the United Garment Makers, the Amalgamated Association of Meat Cutters and Butcher Workmen, the United Mine Workers and the Amalgamated Association of Iron, Steel and Tin Workers. Previous to the secession of the pressmen and feeders' unions in 1889, the International Typographical Union, comprising all employees in the printing trades, was likewise an organization of this character.

Workers of America, we find local unions composed entirely of girl operatives on shirts and overalls, others of pressers, others of pants makers, others of coat makers and still others of highly skilled clothing cutters and designers. These several locals, although all within the jurisdiction of the United Garment Workers, differ widely among themselves, having distinct membership dues, assessments and initiation fees. In organizations of this type, a consolidated financial system with uniform dues and benefits for all classes of members is manifestly undesirable and impracticable. Locals composed of highly skilled workmen, in which the scale of membership payments are highest, are naturally unwilling to share their funds equally with locals having low dues, composed of poorly paid, unskilled artisans. Moreover, in industrial unions such as the Garment Workers, the revenues levied for the support of the national fund (i. e., the per capita tax) are limited to what can be paid by the local lodges having the lowest membership dues and the smallest reserve funds. In other words, the weakest link in the chain of local unions determines the financial strength of the general organization.

The peculiar structure of the American national unions, therefore, accounts largely for the fact that but very few have succeeded in instituting a "community of funds" policy. The adoption of the system has, however, been unsuccessfully agitated by the United Brotherhood of Carpenters, the International Association of Machinists, the International Typographical Union and by several others. The United Association of Plumbers and Gas Fitters, after a discussion by the membership during a period of five years, finally accomplished a financial reorganization on this plan in 1902, not without strong opposition, however, from the large locals under its jurisdiction.[17] The desire of such

[17] The introduction of the system caused the largest local, that of New York, to withdraw altogether from the national organization; see the Report of the General President to the Fourteenth Convention of the United Association of Journeymen Plumbers, etc., Plumbers' Journal, October, 1904, p. 29.

large locals especially in cities where high wages prevail, to store up funds for their own use in time of emergency rather than to share them with the smaller and weaker unions, leads them to favor the separate local treasury system of finance rather than the "community of funds" policy.[18]

Several American national trade unions which possess a centralized or consolidated type of structure with systems of uniform dues and benefits throughout their jurisdiction, do not follow the "community of funds" system, but instead demand from their locals a fixed share of gross receipts. The Granite Cutters' Union is an extreme example of this policy. Since the members composing this specialized craft are generally employed in a single locality only during short periods and consequently must move about from place to place, no strong local organizations have developed among them. The national union, therefore, forms the only permanent tie that binds the members together, and accordingly, all financial power and authority are concentrated there. The constitution requires that the regular income of the locals, other than the portion actually used for current expenses, such as hall rent, postage, etc., be forwarded to the headquarters of the national union.[19] The Boot and Shoe Workers' Union, which in spite of its industrial form of organization, succeeded in 1899 in inaugurating a system of uniform dues and benefits, follows a somewhat similar plan, two thirds of the local receipts

[18] It must be remembered that the current expenses of the large locals is much less proportionately than of the smaller locals, since in the latter only a few members bear the cost, whereas in the former it is spread over a large number. This fact is recognized by the Cigar Makers. Locals having a membership of less than thirty are entitled to thirty per cent of the local receipts of current expenses, whereas, those having more than fifty members are only allowed fifteen per cent; see Constitution of the Cigar Makers' International Union, sec. 171.

[19] This does not preclude the locals from raising funds by special assessment for special local purposes; see Constitution of the Granite Cutters' International Association (1897), sec. 130.

being allotted to the use of the general organization.[20] The general treasury of the Amalgamated Association of Leather Workers on Horse Goods is supported by a similar method. Here, however, the portion of gross receipts demanded of each local varies according to the membership. From a local having fifteen members or less, fifty per cent is required; from one whose membership ranges from sixteen to twenty, fifty-five per cent, and increasing in the same scale, a maximum of eighty per cent is required of all locals having a membership of more than fifty-six.[21]

We can easily see that to work successfully, this fiscal arrangement not only requires uniformity of membership dues and benefits in all locals, as with the "community of funds" system, but necessitates, as has already been intimated, approximate uniformity in the quality, skill and earnings of the membership.[22] It has therefore been adopted by few unions, the great majority adhering to the plan of maintaining a central fund by taxing the members of each local organization a fixed per capita amount at regular monthly or quarterly intervals.

We have already seen that the form of the revenue charge differed somewhat in the oldest organizations. In the Typographical Union and in the Journeymen Horseshoers, it consisted of a small percentage of the receipts of local unions; while in the Iron Molders, a fixed sum was levied upon each local, proportioned to the number of delegates that each was entitled to send to the general convention. Both of these methods, however, proved unsatisfactory, and were early replaced by a periodic per capita tax, levied theoretically upon the individual members, but paid directly out of the funds of the local unions.

---

[20] Constitution of the Boot and Shoe Workers' Union (1902), sec. 59.

[21] Constitution, United Brotherhood of Leather Workers on Horse Goods, amended 1902, Art. X, sec. 3.

[22] The Boot and Shoe Workers, owing to the extensive introduction of machinery in the industry, are fast approaching this condition.

The per capita tax exacted by the national unions of their local branches is determined not so much by the earnings of the members or even by the dues paid to the local branches, as by the relative degree of activity and the variety of functions exercised by the central office. These characteristics themselves are in a large measure dependent upon the structure of the general organization. In unions of a centralized type, based on a particular craft rather than upon an industry, the principal functions are exercised largely by the general officers and consequently less freedom of action or initiative is allowed the local unions. In these a large part of the expenditures, that would otherwise be borne by the locals, is paid out of the central funds, thus, necessarily requiring a larger revenue for the general union than if the greater part of the organized activities were conducted independently by the local branches at their own expense. We find, therefore, that in the better developed and more centralized unions such as the Glass Bottle Blowers' Association, the Granite Cutters' Union, the Boot and Shoe Workers' Union and the Iron Molders' Union, the bulk of local receipts is forwarded to the central treasury and only a minor portion is reserved by the locals for local purposes. In the Iron Molders' Union, for instance, the regular membership dues are twenty-five cents per week. Of this amount seven cents is retained by the local union for its own use and the balance is credited to the funds maintained by the national organization. Similarly, in the Boot and Shoe Workers' Union, from a uniform weekly due of twenty-five cents, but one third is allowed to the local and the remainder is forwarded to the central treasury at the general headquarters. Both of these organizations, however, in return grant from a central fund a regular weekly allowance to members on strike, pay out benefits in cases of sickness, death or total disability, and in addition conduct other lines of activity such as "union-stamp" agitation, a national system of collective bargaining and the maintenance of "organizers" for purposes of trade-union propaganda.

In unions whose functions are fewer and which neither guarantee to individual members financial assistance during strikes nor pay out beneficiary relief, the revenue allotted to the central fund is generally of a meagre character. Thus, the monthly tax of the National Bricklayers' Alliance and the Longshoremen and Transport Workers' International Association is but five cents per member, while that of the United Mine Workers and the International Union of Steam Engineers is but ten cents per member. In organizations such as these, the practice is to have the local branches support their striking members from their own funds and to conduct independent systems of benevolent relief.[23] It is for this reason that the portion of local dues allotted the central fund is relatively smaller than in the more highly centralized unions. This point is well illustrated by the table in the appendix showing the yearly per capita income of fifteen representative national unions, together with the functions and activities undertaken by them, as in force on April 1, 1905.

Although the common method of raising revenue is the imposition of a fixed periodic per capita tax varying in amount according to the functions and activities of the organization, a few unions, not enumerated in the table given in the appendix, demand from members a percentage of their earnings. Thus, the Glass Bottle Blowers' Association and the United Hatters of America assess each member working at the trade one per cent of his wages for the support of a central fund.[24] The Coal Hoisting Engineers also follow this plan.[25] The Flint Glass Workers' Union, the Amalgamated Association of Iron, Steel and Tin Workers and the National Brotherhood of Operative Potters employ

[23] This point is more fully discussed in the chapters treating of strike and beneficiary expenditures.

[24] Constitution and By-Laws of the Glass Bottle Blowers' Association (1904), sec. 59, p. 25. The rate is two per cent until a sum of $250,000 is accumulated.

[25] Constitution of the National Brotherhood of Coal Hoisting Engineers (1902), Art. VI, sec. 3.

the wage assessment method for maintaining strike funds, but levy a fixed per capita tax to cover ordinary administrative expenses. Although the wage assessment method of taxation is undoubtedly the most just and equitable, in that it adjusts membership dues to earning capacity, it has been only applied in trades where for each grade of work a system of uniform wages and piece work prices prevails and where there is an appreciable disparity in the earnings of different classes of members. Among the Glass Bottle Blowers and Flint Glass Workers, for instance, an elaborate scale of uniform piece work prices for the entire trade is drawn up each year by the general organization and no departure therefrom is permitted by any local branch or member thereof. Similarly, in the United Hatters, although each local is permitted to draw up a piece-work price list, with the sanction of the national executive officers, no other form of wage payment is permitted in the organization. The piece-work wage system prevails also in the Brotherhood of Potters and in the Iron, Steel and Tin Workers, and considerable disparities exist in the earnings of the individual members.

Another condition essential to the successful working of the wage assessment plan is an effective means of determining the weekly or monthly earnings of the individual members. The members must either work together in shops or factories where a collector can be kept informed of the earnings of each separately or free access must be had to the wage lists of the employers. The method of the United Hatters is to employ in every manufacturing plant under their jurisdiction a shop steward, whose duty it is to collect the one per cent. wage assessment and who receives a commission for his services.[26] The Glass Bottle Blowers' Association and the Flint Glass Workers' Union likewise provide for the appointment of a collector or a factory committee

[26] Constitution and By-Laws of the United Hatters of America (1900), p. 19.

whose purpose is to prevent members evading the full share of assessments due the union.[27]

The Bricklayers' and Masons' Union up to within the last year has followed the plan of adjusting the amount of the per capita tax levied upon the subordinate lodges in accordance with a yearly budget, compiled at each annual convention by a "Ways and Means Committee." This method appears to have been more generally practiced in former years than at present. It was employed for several years by the Glass Bottle Blowers' Association to cover general administrative expenditures and it was also used by the Pattern Makers' League prior to the adoption of beneficiary features by that body. It is still used by the Iron, Steel and Tin Workers and the Flint Glass Workers' Union in providing revenue for general administrative purposes. The great objection to the plan is that it places the organization on a "hand to mouth" basis, thus limiting the activities and functions of the general officials, and preventing the accumulation of surplus funds.[28] The officials of the Bricklayers' and Masons' Union have often been heavily handicapped in the performance of their duties owing to the lack of available funds.

The movement towards higher dues and centralized financial organization even in the national unions that have advanced farthest along these lines has been a slow and difficult process. The initial step in the movement was taken by the Cigar Makers' International Union in 1879 when the reorganization of its financial system occurred and a system of beneficiary relief was inaugurated. In consequence thereof, the membership dues were gradually raised with the addition of new forms of benevolent relief until at the

[27] Constitution and By-Laws of the Glass Bottle Blowers' Association (1904), pp. 21, 22. See also Constitution of the American Flint Glass Workers' Union (1904), Art. XI, sec. 2.

[28] See the Annual Report of the President and Secretary of the Bricklayers' and Masons' International Union for the term ending December 1, 1901, p. 280; also semi-annual report for term ending December 1, 1904, p. 7.

present time each member pays to the organization the sum of thirty cents per week besides extra assessments that are levied from time to time for special purposes. Through wise and economical management and in spite of numerous and costly strikes and an increasing expenditure for beneficiary purposes, a surplus reserve amounting on January 1, 1904, to over one half million dollars has been accumulated, thus giving the Cigar Makers' Union a high degree of financial power and stability.

The progress of the Iron Molders' Union toward a policy of higher dues and larger benefits has been very similar to that of the Cigar Makers, though the original policy of independent local treasuries maintained by the local unions has persisted. Side by side with it, nevertheless, a central financial control has been developed. Thus in 1872 the revenue allotted to the central fund of the union was raised from fifty cents quarterly to twenty-five cents per month in consequence of the assumption of greater responsibility for the support of local strikes. It was not until 1895, however, with the inauguration of a sick benefit feature and the institution of a system of uniform dues throughout the organization that the Iron Molders' Union "took the step that placed it in the foremost ranks of high dues trade unions."[29] At present with dues amounting to twenty-five cents per week per member and several minor and incidental charges, the union has met its obligations promptly, has maintained itself intact in the face of the open hostility of employers' associations, and in addition has been paying regular benefits to members in cases of sickness, death and total disability.

In unions of more recent origin than the Cigar Makers or the Iron Molders, progress towards systems of high dues and large benefits has been more rapid, though not without serious difficulty and opposition. This is well illustrated by the experience of the Boot and Shoe Workers' Union in advancing from a weak financial basis to a strong centralized

[29] Proceedings of the Twenty-first Session of the Iron Molders' Union, p. 44.

financial organization with high dues and benefits. At the Boston convention of 1895, which united into one organization the various workers in the shoe manufacturing industry, the question of dues formed the bone of contention. "The advocates of high dues contended that the organization could have no successful future on a basis of cheap dues, while the delegates who advocated low dues contended that if the high dues were adopted, amalgamation would be defeated."[30] The advocates of low dues prevailed at the time and membership payments were fixed at the small sum of ten cents per week, with no provision for benefits.

The futility of this "cheap dues policy" in the Boot and Shoe Workers' Union was soon made manifest. During the years between 1896 and 1898, the organization was seriously weakened by several large and unsuccessful strikes, causing a steady decline in membership and a loss of confidence. This condition of affairs gave the advocates of high dues an opportunity to again endeavor to establish the union on a sound financial basis. They prepared a draft of a new constitution, containing provisions for high dues and benefits, and presented it to the convention of 1899. After considerable opposition, this constitution was finally adopted without amendment. As a result, a centralized financial control, hardly inferior to that of the Cigar Makers or the Granite Cutters, was inaugurated. So fearful, however, were the high dues advocates of a reversion to the former policy, that a provision was inserted in the new constitution making it "forever unconstitutional to seek to reduce the amount of dues provided."[31]

Another instance of a similar rapid advance from a weak financial basis to a centralized financial system, with uniform dues and benefits, is found in the history of the United Association of Journeymen Plumbers. Organized in 1889 under the prevalent low per capita tax system, this organiza-

[30] Boot and Shoe Workers' Official Journal, June, 1900, p. 7.
[31] Constitution of the Boot and Shoe Workers' Union (1902), sec. 53.

tion lived through the industrial crisis of 1893 with the greatest difficulty. For several years thereafter, its monthly income continued limited to the rate of five cents per member and no progress was possible.[32] Realizing that the national union could be maintained only by augmenting its income, the convention of 1899 in addition to raising the amount of the per capita tax, required each local to impose monthly dues of twenty-five cents upon each member. A provision was likewise inserted in the national constitution requiring the locals to reserve in their treasuries, subject to the draft of the general officers, a sum equal to one dollar per member. Other measures tending to augment the fiscal resources of the union were later adopted, leading finally in 1902 to the inauguration of the "nationalization and equalization" system of finance, identical with that of the Cigar Makers' Union.

The progress which other organizations have made in enlarging their revenues and in accumulating effective reserves, does not differ materially from that of the unions just reviewed. In addition to the influence of homogeneity in membership, the most important factor in producing centralization in finance is the extent to which the workmen in the trade located in different localities compete with each other. Thus, in the Cigar Makers, the Iron Molders, the Glass Bottle Blowers and most other organizations that have acquired a sound financial basis and have come to possess efficient reserves, the members of one local branch regardless of locality compete directly as to wages and conditions of employment, with members of every other local branch; whereas in the organization of the building trades, and still to some extent in the printing trades, each locality constitutes a labor market, thus rendering the membership of each local union comparatively free from outside competition. Where this latter condition prevails the endeavors of

[32] In 1897 the General Secretary reported that "although the organization had been in existence eight years it found itself without funds"; see Proceedings of the Seventh Convention, p. 6.

the local unions have been to use their funds for maintaining high wages and good conditions in their respective localities rather than throughout the trade.

The financial history of the Bricklayers' and Masons' Union illustrates well the decentralizing effect of non-competition of members working in different localities. Since the local branches of this organization have always had the privilege of fixing the scale of wages and hours of labor for their own members, without much regard to the conditions prevailing elsewhere, no strong feeling of unity or common trade interests grew up among them. Consequently, the national union, although organized as far back as 1865, has made but slight progress towards centralized financial control. For a period of thirty-five years it was one of the cheapest and poorest trade organizations in the world, the ordinary revenue never exceeding twenty-five cents per member per year, or less than three cents per month per member. In spite of the fact that several of the subordinate branches in the large cities possessed well filled treasuries, the national union was often without sufficient funds to pay the salaries of the general officers.[33] Within the last year, however, the Bricklayers' and Masons' International Union has realized the weakness of this precarious financial basis, and has placed itself on a financial footing somewhat similar to that of other national organizations.[34]

In spite of the steady advance towards centralization of finances and the concentration of authority in the national trade unions of the United States, "the question of high dues, large treasuries in the unions and benefits to the members is one which is not generally understood or intro-

[33] Annual Report of the President and Secretary of the Bricklayers' and Masons' International Union for the term ending December 1, 1890, pp. 48–49; also for term ending December 1, 1901, p. 280.

[34] The per capita tax was increased to $1.50 per year, more than treble the sum levied previously; see Semi-Annual Report of the President and Secretary of the Bricklayers' and Masons' International Union, June 30, 1904, p. 6.

duced."[35] Many of the unions are too recently organized to have developed sound systems of revenue or large financial resources, the attainment of which requires both a long period of time and a constant training of the membership in the practice of paying high dues. Men who must labor all day at their trades are not apt to give serious attention to the financial affairs of their trade organization, especially when, as is commonly the case in unions of loosely federated structure, such questions do not seem to directly affect them. Here the peculiar interest of the member is centered in his own local, and matters of national concern are of little moment to him.

The value of high dues and large treasury funds as a means of promoting the strength and stability of trade-union organization is fully recognized, however, by the leading men identified with the interests of organized labor. These urge insistently the importance of the question upon the rank and file of union workmen.[36] It is doubtful whether mere argument and persuasion will accomplish the desired result, and establish the American trade unions upon the same financial footing as the older British organizations, which possess large accumulated reserve funds amounting to millions of dollars and grant relief to members against casualties, as well as protection of their trade privileges. The average member of a labor organization either does not understand or at least ignores the value of treasury funds as a factor in the progress of trade unionism. He likewise fails to comprehend that an apparently large sum of money, accumulated by a national union, allows but an insignificant

[35] See Report of President Samuel Gompers to the Twentieth Annual Convention of the American Federation of Labor, p. 12.

[36] See Report of President Samuel Gompers, in Proceedings of the Twenty-first Convention of the American Federation of Labor, p. 15, and American Federationist, December, 1899, p. 248; also Official Journal of the Brotherhood of Painters, Decorators and Paper Hangers, February, 1904, containing symposium of opinions from prominent labor officials on trade union finances.

amount to each when apportioned among the entire membership. More potent means than the mere statement of figures must be employed before workingmen will consent to sacrifice a larger share of their earnings to their national trade organization. Only when their own immediate interests are involved or when the advantages accruing from large financial resources are openly manifest will they agree to a policy of high dues and the accumulation of reserve funds.

In a large number of organizations, nevertheless, increased financial power seems inevitable both because of the growing unity of craft interests through the growing competition of different localities, and also because of the increasing tendency of employers and manufacturers to combine in opposition to trade unions. It is this latest form of industrial combination that is bound to impress upon the union workmen the conviction that their organizations must be equipped as militant organizations which cannot thrive by faith alone.

But the growing uniformity in industrial conditions throughout the various sections of the country is undoubtedly the greatest influence tending toward the centralization of larger financial powers in the national trade organizations. In spite of the fact that the principle of local autonomy still characterizes the structure of American labor unions, increasing effort is devoted to having equal work, when done under like conditions, receive equal pay regardless of locality or situation. This requires uniformity in wages and hours of labor throughout each competitive district, and to be enforced strictly, this in turn necessarily requires an augmentation of the financial resources of the national organization.

Such incidental receipts as charter and initiation fees, fines, and the income from the sale of stationery and supplies, require but brief consideration. The proceeds from these sources are of comparatively small importance, and in most cases are offset by extra expenditures. Thus, the

fee for charters received from new local unions is, in many instances, merely sufficient to cover the bonus paid to the organizer. Moreover, except in the newly organized unions, relatively few new charters are granted.[87]

The same, however, cannot be said of the revenue from initiation fees. Although not levied primarily for purposes of revenue, the income derived therefrom, often makes up a considerable item in both local and national organizations, especially where growth in membership is rapid or where the personnel is constantly changing. In the great majority of American unions, the regulations regarding the amount of the initiation fee is left entirely in the hands of the local branches. About a third of the organizations fix a minimum, and a few (the Journeymen Horseshoers, the Bricklayers and Masons, and the Granite Cutters) specify the maximum amount that may be charged. While the motive for thus placing a maximum charge is in every case to prevent the fee from being fixed at a prohibitive figure, the purpose of the minimum is different in different unions. In some it is designed to discourage members from freely entering and withdrawing from the local organizations at their convenience; while in others the main object is simply to allow a portion of the fee to go into the central treasury. In such national unions as pay out strike and insurance benefits, a share of the local initiation fee has been found a convenient means of supplementing the regular revenues devoted to these purposes.

The fines that are imposed and collected by trade unions do not materially add to their income, even where levied for trivial offenses. The difficulty of enforcement and collection where the fine is heavy, and the common neglect where the fine is slight, renders them unreliable as a source of revenue. Furthermore, since these fines are generally paid

[87] The amount of the charter fee varies in the different organizations from five to twenty-five dollars.

into the local treasuries, the national unions do not benefit materially from them.[38]

[38] Several of the national unions levy fines to enforce discipline, but the returns therefrom are, in every instance, slight. Thus, in the Glass Bottle Blowers' Association out of a total income of $274,545.97, during the year ending July 1, 1903, the receipts from national fines were $1,585.70. See Proceedings of the Twenty-seventh Annual Session of the Glass Bottle Blowers' Association, p. 98.

CHAPTER II.

EXTRAORDINARY REVENUE.

In the foregoing discussion of the revenue of the national trade unions, reference to special provisions for strikes and lockouts has been purposely avoided in order to allow a separate treatment of this important topic. Since the power to wage war successfully depends as much upon fiscal resources as upon numerical strength, labor organizations that are protective in purpose must be prepared to face financial emergencies of this kind. A numerical strength sufficient to give the union control over the marginal labor supply in the particular trade or industry to which its members are devoted is an element essential to its progress, if not to its very existence. Through such control it is enabled by means of a strike to inflict a loss upon invested capital, which, if long continued, will result in concession to the union's demand. But, in order to make the loss continuous, the union, in addition to numerical strength, must have at its command sufficient resources to sustain that portion of its membership that withdraws from active employment during the conflict. Unless strikers are supplied with the bare necessities of life during their idleness, there is imminent danger of yielding to the employer's terms. Consequently, the "sinews of war," as well as an efficient control of the labor supply, are essential to any labor organization that hopes to gain advantage for its members through the instrumentality of the strike.

This strategic importance of reserve funds has been largely neglected by organized workmen on this continent, and comparatively few unions possess really effective reserves. The low weekly or monthly dues paid by members to the local unions and the proportionately meagre revenues allotted to the treasuries of the national unions render it exceedingly difficult for the latter to meet their obligations promptly and

at the same time to satisfy the heavy demands on their resources caused by strikes and lockouts. To this lack of financial preparation for conflicts is largely due the element of instability characteristic of American trade unions. The progress of several of the older and more highly centralized unions in the adoption of high membership dues and the accumulation of reserve funds has undoubtedly placed them on a firm financial basis, but the great majority of American labor organizations are still struggling to build up reserve funds which will enable them to engage successfully in protracted and expensive strikes.

In the formative period of national trade unions little opportunity was afforded for creating permanent defense funds. Since the national unions were limited in function merely to the enactment of uniform rules and regulations governing the craft and the supervision of the "travelling card," they were not expected to participate directly in the defense of the local unions. The local unions, having fought their own battles independently, the feeling persisted that strikes were local affairs to be supported from local resources. The treasuries of the national unions were thus expected to render assistance to the strikers only when the funds of the striking local were exhausted or when the principles involved in the conflict directly affected the welfare of the trade as a whole. We find, therefore, that during the early history of the older national unions[1] and in many of those more recently organized, no effective measures were taken to accumulate central reserve funds for defense purposes.

The Knights of Labor seems to have been the first American labor organization of national scope that attempted to accumulate a central fund for general defensive purposes. The First Assembly at Pittsburg in 1878 made provision for the accumulation of an "Assistance Fund" in each of the

[1] I. e., the International Typographical Union, the Cigar Makers' International Union, the Iron Molders' Union, the International Union of Bricklayers and Masons, etc.

local assemblies by directing that five cents per member per month be set aside for that purpose.[2] Three years later, owing to the neglect of the locals to carry out this provision faithfully, the "Fund" was transferred to the headquarters of the General Assembly, and each local was required to contribute thereto, fifteen cents per member, quarterly. Although originally designed for co-operative rather than for strike purposes, this "Assistance Fund" came to be regarded by the membership as a defense fund, and was so employed. The demands on the Fund soon became so heavy that sufficient revenue could not be collected for its support. Accordingly it was abolished altogether in 1885, and thereafter local strikes were aided by special assessments or by voluntary contributions received through sympathetic appeals to the membership.[3] These methods failed to bring in large returns, and the assistance granted by the Knights of Labor was generally insufficient to prevent the defeat of the strikers, resulting in a decline in the influence of the organization.

During the decade between 1875 and 1885, the Cigar Makers' International Union and the Granite Cutters' Association appear to have been the only national trade unions that were paying out strike benefits from a central fund. The Iron Molders' Union, though at that time considered one of the best organized and most aggressive unions, was supporting idle members on strike from the returns of weekly assessments of from one to five cents per week, levied upon the general membership. The Bricklayers and

---

[2] See Constitution, Knights of Labor (1878), Art VIII.

[3] A specimen heading of one of these appeals is as follows:

"Noble Order of Knights of North America,—Peace and Prosperity to the Faithful,

"To the Order wherever found, greeting,

"Another mighty conflict between organized capital and labor has been in progress for the past few weeks. It has not been heralded by the sound of the whistle or the beating of the drum, but with the calmness of a fixed determination, both sides silently confronting each other, each recognizing that a death struggle for supremacy is taking place," etc. See Proceedings of the Eighth Regular Session of the General Assembly of the Knights of Labor, pp. 615, 616.

Masons, the Journeymen Horseshoers and the Glass Bottle Blowers were doing likewise. The inadequate returns obtained from these assessments compelled the local branches to rely mainly on their own resources when engaged in strikes or lockouts. It was soon recognized, however, that a more efficient method of strike financiering must be resorted to if success in labor difficulties was to be attained. The American Federation of Labor, which in prestige was fast superseding the General Assembly of the Knights of Labor, though itself refraining from active participation in labor disputes, exerted a strong influence towards accomplishing this purpose by urging the adoption of higher dues and the accumulation of defense funds by its affiliated organizations.[4]

The movement toward a "defense fund" policy was further influenced by the centralization of functions in the national unions themselves. The Iron Molders' Union, for example, in 1882 assumed control over the inauguration and conduct of local strikes, and, at the same time, made provision for an emergency defense fund, to be used in paying strike benefits until special assessments, levied for the purpose, could be collected.[5] With the increasing responsibility of the national union for the defense of strikes during the years following, this system in turn proved inadequate, and in 1890, the assessment method was abolished altogether and a permanent fund, supported by a fixed monthly revenue, was established.[6] The progress of the "defense fund" principle in the International Typographical Union has been somewhat slower. In 1885, this organization first assumed the responsibility of paying regular strike benefits to members engaged in authorized strikes. The year following, in place of separate strike funds maintained for general use

[4] Report of the Proceedings of the Eighteenth Convention of the American Federation of Labor, p. 12.

[5] Constitution and Rules of the Iron Molders' Union (1882), Art. VI, sec. 7.

[6] The monthly per capita tax was increased from twenty-five to forty cents, of which fifty-eight per cent was devoted to the support of strikes; see Constitution and Rules (1902), Art. VI, sec. 2.

by locals, an International Defense Fund, supported by assessments levied upon the locals as required, was instituted. This system of irregular assessments proved utterly ineffective in procuring revenue,[7] and after a two years' trial was replaced by a monthly per capita tax of five cents. The small income derived from this tax, however, permitted the international union to support but few local strikes, and consequently the striking locals continued to rely on their own reserves or to resort to appeals for voluntary contributions. In 1890 it was pointed out by the international president that every member drawing one week's benefit ($5.00) from the defense fund, received from the union a sum equal to the entire per capita tax (at the rate of ten cents per month), during a period of four years and two months.[8] Although the revenue allotted to the international defense fund has been increased from five to seven and a half cents per member per month, it is still deemed inadequate for the demands made upon it. Up to within the last few years the annual receipts have been barely sufficient to pay continuous strike benefits to eighty men.[9]

The organization that within a comparatively recent period has made the most rapid strides toward the adoption of a strike fund policy is the Glass Bottle Blowers' Association. Previous to the industrial depression of 1893 this union de-

[7] Proceedings of the Thirty-sixth Session of the International Typographical Union, p. 16.

[8] Proceedings of the Thirty-eighth Annual Session, p. 13.

[9] See report of President Donnelly in Typographical Journal, Vol. VII, No. 4. During the year ending June 30, 1904, the receipts of the "Defense Fund," including balances, were $75,921.64, and expenditures (which include the expenses of organizers incurred in settling disputes) $73,420.26. By a vote of the membership of the International Typographical Union in November, 1903, the per capita tax was raised from thirty to thirty-five cents per month, for the express purpose of creating a special defense fund, to be used in "advancing and defending the principles of unionism, as applied to our own trade whenever and however the Executive Board may decide." It is understood that this increased revenue, together with another special fund ordered by the convention of 1904, to be raised by each local by a regular assessment of one-half of one per cent on all moneys earned by its members, will be used for purposes of furthering the movement for an eight-hour working day.

pended almost exclusively upon special wage assessments, levied as required upon employed members as a means of supporting strikes.[10] The failure of this method during dull times when large numbers were out of work and earnings were small, however, pointed out the value of a reserve fund accumulated during seasons of prosperity. The convention that met in 1896 provided that thereafter each member should pay regularly two per cent of his earnings to the general treasury until the amount therein should equal the sum of $100,000.00, when the assessment might be reduced to one per cent. Not satisfied with this reserve, in 1902 the convention raised the limit of the fund to $250,000,[11] thus giving the Glass Bottle Blowers' Association a larger fund in proportion to its membership, than any other similar organization.[12]

The principal factor responsible for the maintenance of so large a "defense fund" by the Glass Bottle Blowers' Association is the existence of a combination of the manufacturers in the trade. The fact that the Glass Bottle Blowers' Association enforces a uniform national scale of piece-work prices and shop regulations and enters into agreement annually concerning these matters with representatives of the Glass Bottle Manufacturers' Association makes possible a general strike involving a large number of members. This naturally requires a power of endurance and accumulated financial resources. It is owing to the same reason also, that the Amalgamated Association of Iron, Steel and Tin

[10] These assessments not infrequently equalled ten per cent of the earnings.

[11] This was done contrary to the advice of the President, who held that since the executive officials of the union were empowered to increase the wage assessment during a strike to meet the requirements of the situation, a reserve of $150,000 would be sufficient; see Proceedings of the Twenty-seventh Session of the Glass Bottle Blowers' Association, p. 54.

[12] The Cigar Makers with a membership close to forty thousand, or four times as great as the Glass Bottle Blowers, at present have a surplus of about $600,000. This is devoted, however, to both beneficiary and protective purposes. The minimum reserve of the international union is fixed by the constitution at ten dollars per member.

Workers, the Brotherhood of Operative Potters, the American Flint Glass Workers' Union, the Iron Molders and the various brotherhoods of railway employes endeavor to maintain permanent reserve funds to which they devote a large share of the union's income. The American Flint Glass Workers' Union in 1904 adopted a constitutional provision requiring seven per cent of the earnings of each member to be collected each pay day and forwarded to the National Secretary as a regular revenue for a "Resistance Fund."[13] This undoubtedly represents the highest premium paid for trade protection in any national labor organization on the American continent. The Brotherhood of Operative Potters follows a similar wage assessment plan for maintaining a defense fund, but during ordinary times taxes members only one per cent of their earnings.[14] In the Amalgamated Association of Iron, Steel and Tin Workers, the revenue applied to the defense fund consists of a per capita tax of sixty cents quarterly. Whenever the amount in the fund, however, falls below $200,000, it is the duty of the president to levy an extra assessment of from one to five per cent of the members' wages until the deficiency is made up.[15] Of the railway unions, the Brotherhood of Locomotive Firemen maintains for defensive purposes a permanent reserve of $250,000, and the Brotherhood of Conductors and the Locomotive Engineers, $100,000.

The centralization of union functions in the national bodies and the increasing craft solidarity, already alluded to in the preceding pages, are further causes tending toward the adoption of a "defense fund" policy by the American unions. Although as a last resort even the best endowed

[13] Constitution of the American Flint Glass Workers' Union (1904), Art. XI. Previously the assessment was fixed at two per cent of the earnings.

[14] Constitution of the Brotherhood of Operative Potters (1902), Art. XVII.

[15] Constitution of the Amalgamated Association of Iron, Steel and Tin Workers (1903), Art. VI, sec. 4. This provision has since been amended. A vote of the membership is now required to authorize a special assessment levy.

organizations must have recourse to special assessments as a means of sustaining strikers, such emergency measures are coming to be relied upon less and less.[16] The difficulty of collection and the delay in receiving the returns makes the assessment method of raising funds peculiarly unsuited for strike financiering. It not infrequently happens that in organizations relying chiefly upon special assessments for sustaining strikers, the levies do not begin to bring returns until the occasion for them is past.[17] As a general rule, moreover, during dull seasons when money is most urgently needed for strike purposes the members are least able and less willing to bear the extra strike charges levied upon them.

Yet, in spite of the difficulties involved in the levy of special assessments, fully one half of the existing American national trade unions rely almost exclusively upon this method of strike financiering. Many, indeed, are of too recent origin and too weakly constituted to inaugurate a "defense fund," while others continue the policy of having the greater share of the burden of supporting conflicts fall upon the locals immediately concerned therein, merely granting them subsidiary aid. The Journeymen Horseshoers' Union, for example, a national organization dating back to 1874, pays no strike benefits to members, but levies assessments and grants only subsidiary aid to locals when engaged in serious difficulties. Thus, during the recent general strike of the New York local, the national officials, between July 1, 1903, and June 30, 1904, levied assessments in aid, aggregating $3.50 per member, the largest single assessment being twenty-five cents.[18]

[16] As a matter of fact, in the unions where the dues are highest and the reserve funds largest, special assessments are more readily paid than in the poorer organizations. Thus, in the Cigar Makers, the Glass Bottle Blowers and the Railway Brotherhoods extra levies are generally paid promptly and without evasion.

[17] See the Garment Worker, August, 1902, p. 9, Stone Cutters' Journal, September, 1900, p. 2, and Proceedings of Twelfth Annual Convention of the United Mine Workers of America (1901), p. 43.

[18] Report of the President to the Twenty-seventh Annual Convention, Journeymen Horseshoers' Magazine, July, 1904, p. 21.

Another instance of the persistence of the special assessment method of supporting strikes is found in the Bricklayers' and Masons' International Union. Almost from the time of its formation in 1865 down to the present, this organization has regularly supported local strikes whenever the principles at stake were deemed by the membership to affect the trade as a whole. In every case where the dispute was thus duly sanctioned, a weekly assessment, proportioned to the number of men on the strike pay roll, and ranging from two to twenty-five cents per member, has been levied. Since 1890, however, owing to the inevitable delay in collection, the union has found it necessary to maintain a contingent fund, out of which strike benefits are temporarily paid until the returns from assessment levies are received, when the money thus drawn is returned to the fund. The relative infrequency of strikes of a general nature in the Bricklayers has prevented the special assessments from becoming burdensome to the membership, a fact which undoubtedly explains the persistence of the cruder method of strike financiering.

In addition to the maintenance of defense funds and the levying of special assessments, the sympathetic appeal as a supplementary method of supporting strikes is extensively used at the present time by many of the American labor organizations, especially those of the weaker sort. We have already shown that this was the primitive means employed to aid the strikers, having been used by the early national unions and by the local organizations before the advent of national unions. It was resorted to extensively by the Knights of Labor, the International Typographical Union, the Iron Molders' Union and the Cigar Makers' Union. At present, however, exclusive of exceptional cases where public opinion is extremely favorable,[19] it plays a minor rôle in strike financiering and when resorted to extensively is a confession of financial weakness.

[19] E. g., the anthracite coal strike of 1902.

Nevertheless, the sympathetic appeal continues to be a useful weapon of defense, especially to local unions. Having, as a rule, but meagre reserves of their own, when not entitled to any part of the funds of the national body, these local organizations naturally seek the aid of sympathizing sister unions. When only the locality is canvassed, the central labor union or trades assembly is a convenient agency for the purpose.[20] Occasionally, however, the appeal is circulated broadcast or is directed mainly to other locals of the same trade. Such appeals for contributions are considered a nuisance by the national trade unions, since local unions will often allow their own reserves to be depleted by a too liberal grant of "sympathetic" donations. The national organizations, therefore, seek to discourage the practice, several of them even going so far as to enact constitutional provisions either restricting or forbidding altogether the grant of donations to other organizations.[21]

The most noteworthy instance of the successful use of the sympathetic appeal is that made by the United States Mine Workers during the Anthracite Coal Strike of 1902. For the relief of strikers there was contributed altogether by other labor unions and by the public $419,954.14 or about one fifth of the amount ($2,225,370.28) raised by the Mine Workers themselves. [22] The donations of the various local branches of the United Brotherhood of Carpenters alone

[20] Besides granting donations from their own funds, these central labor unions or trades assemblies, in many cities, levy extra per capita assessments upon affiliated bodies, to aid a local strike. Thus, during the strike of the Garment Workers in New York City during the summer of 1904, the Central Federated Union, in addition to appointing a committee to solicit contributions, voted to levy an assessment in aid of the strikers of ten cents per capita upon each of the affiliated unions. On this point see Burke, "Central Labor Unions," p. 85, in Columbia University Studies in History, Economics and Public Law, Vol. XII, No. 1.

[21] See especially the constitutions of the Machinists, the Cigar Makers, the Shirt Waist and Laundry Workers and the 'Longshoremen.

[22] Report of Secretary-Treasurer Wilson of the United Mine Workers of America, for year ending December 31, 1904, p. 4.

amounted to $29,412.16.[33] But a dispute of the nature of the Anthracite Strike is exceptional both in the magnitude of the struggle and the extent of interests involved. As a general rule, the appeals for contributions, even when issued by the American Federation of Labor, are of little avail in an industrial conflict, if the organization involved in the difficulty is unable to sustain its striking members from its own resources.[34]

---

[33] Report of Frank Duffy, General Secretary of the United Brotherhood of Carpenters and Joiners for year ending June 30, 1903, p. 15–25.

[34] Evidence of this is found in the recent general strike of the Amalgamated Meat Workers and Butcher Workmen. When the strike was inaugurated, the defense fund of the organization equalled about $36,000, an amount hardly sufficient to sustain the strikers during a period of one week. A call for voluntary contributions met with but feeble response, and the strikers were soon forced to return to work.

PART II.

EXPENDITURE.

CHAPTER I.

STRIKE EXPENDITURE.

In the early period of labor organization in America, strikes of workingmen were for the most part local in character. With the exception of transportation and mining, American industries were conducted on a small scale. Consequently, only a small part of the members of a local union were rendered idle by a labor dispute and it was not difficult for the other members to aid their striking brethren until the difficulty was adjusted or work could be found for them elsewhere. Under these circumstances the separate local organizations sustained their striking members from their own financial resources independently of outside assistance.

The inauguration of national trade organizations caused little change in the method of supporting strikes. In some unions, as we have already pointed out, this was long considered a matter of local concern to be dealt with independently by the local branches. The International Typographical Union, for example, did not begin to take active part in the conduct of strikes until almost three decades after its formation, despite the fact that a proposition for a central defense fund was made at the second annual convention and discussed almost annually thereafter. In consequence of this policy, the printers' unions throughout the country were often unable effectively to enforce their demands on employers because of inadequate funds to sustain striking

members.[1] In fact, local strikes were deemed of so little concern to the organization at large that only a few of them were brought to the attention of the international officers.[2]

Other pioneer national trade organizations were more aggressive in assisting their local branches involved in conflicts with employers. The Iron Molders' Union, almost from its very inception in 1859, made this one of its chief functions. For a number of years, however, the assistance granted was merely subsidiary, the locals relying chiefly on their own resources. As early as 1860, the Iron Molders' National Union collected $2,600 in assessments to aid a large strike of Albany molders. In the same year two other local strikes were assisted in a similar manner; but the money raised for the purpose was inadequate, and consequently the locals were forced to give up the struggle when their funds were exhausted.[3] During the first decade of its history, the Cigar Makers' Union, founded in 1864, likewise granted only subsidiary aid to striking locals. In 1867 a system of voluntary contributions was inaugurated and the national officers were enabled to collect in that year $2,618.09 for the assistance of five locals. The year following, only $1,506.85 was thus collected and thereafter sums of various amounts, but always insufficient to sustain the striking members.[4]

As soon as the national unions had developed sufficient concentration of authority, this crude plan of subsidizing local branches engaged in authorized strikes and lockouts was replaced by a system of regular weekly strike allowances granted to individual members directly from national funds. The Iron Molders' Union instituted this system shortly after its organization and was soon followed by the Cigar Makers' and the Bricklayers' and Masons' Unions. The Granite Cutters, early in their history, likewise began paying mem-

[1] Proceedings of the Sixteenth Annual Session, p. 6.
[2] Proceedings of the Seventeenth Session, p. 8.
[3] Iron Molders' Journal, December, 1888.
[4] Journal and Program of the Cigar Maker's International Union, Twentieth Session (1893), p. 49–51.

bers engaged in strikes at the rate of one dollar per day, although no constitutional provision authorizing this practice was adopted until 1897. Later national unions have generally followed the same policy, some inserting provisions in their first constitution for a national strike benefit to be paid from the central fund, others adopting the plan as soon as their revenues became adequate for the purpose.[5] At present, fully two thirds of the written constitutions of the national trade organizations in the United States contain provisions for the payment of a fixed rate to members involved in legally sanctioned strikes or lockouts, while a large number of the remaining guarantee to individual members some form of strike assistance.[6]

The definite allowance of a fixed sum as strike relief to individual members has marked a transition in the structure of many of the American national unions from loose associations of local units to centralized organizations controlling the movements and actions of their constituent bodies. Though not strictly regarded in all unions as an insurance obligation,[7] such as a sick or death benefit, the strike benefit

[5] The International Union of Journeymen Horseshoers is probably the only existing national trade union organized prior to 1880 which does not guarantee a strike benefit to individual members engaged in duly authorized strikes.

[6] The amount of strike benefit paid by each union bears only a slight relation to the wages earned in the trade or to the financial standing of the organization. Intended merely as a subsistence wage to sustain the member and his family during the ordeal of conflict, the benefit is rarely more than $7 per week for married men and $5 for single men. The Amalgamated Association of Iron, Steel and Tin Workers, the earnings of whose members are equalled in few other trades, guarantees but $4 per week; while the Cigar Makers' International Union, with a strong "war chest," pays but $5 per week. In many organizations, however, it is the practice to supplement the benefit of the national union by a local allowance paid from the funds of the local unions.

[7] In most of the leading organizations, the obligation to pay all legitimate claims to the strike benefit is considered as binding as other obligations. In the Cigar Makers' Union, for instance, the strike benefit has been given equal rank with the benevolent features and is regarded as a form of beneficiary expenditure. The same is true of the strike benefit in the Iron Molders' Union, the International Association of Machinists, the Bricklayers' and Masons'

nevertheless has the same cohesive power as the beneficiary features, tending to bind the individual members to the national trade organization, by means of the protection offered them while engaged in disputes with their employers.

The causes that have led to the assumption of responsibility for the support of strikes and lockouts by the national unions have already been dealt with in our discussion of the methods of strike financiering and need only be briefly referred to again. The increase in the area of collective bargaining is undoubtedly the primary cause. Since industry is at present conducted on a much larger scale than during the early period of American labor organization, a single difficulty often involves the entire membership of several local unions or a considerable portion of the membership of the entire trade, thus requiring a stronger financial support than can be furnished by the local treasuries. Moreover, industrial conditions in many trades have become equalized throughout the country so that if a wage reduction or a change in working conditions is permitted in one locality, the competition of employers makes it necessary to concede a similar reduction in other localities. In this way, the pettiest trade dispute becomes the concern of the organization at large.

The extent of the functions discharged by a national trade union largely determines what part of its funds are devoted to the support of strikes and lockouts. In the purely defensive unions, such as the Amalgamated Association of Iron, Steel and Tin Workers, the United Mine Workers, the National Brotherhood of Operative Potters, and the Bricklayers' and Masons' International Union, the bulk of the union income is devoted to strike purposes, all other expenditures being merely incidental. In others, possessing more

International Union, the Granite Cutters' Union and the Stone Cutters' Association. In these organizations it early became the practice to pay strike claims long after the occasion for which they were presented had passed and even after the strikers had returned to work. See Proceedings of the Nineteenth Session of the Iron Molders' Union (1890), p. 36; also Stone Cutters' Journal, 1900, p. 2.

varied functions, strike disbursements consume a smaller proportion of the general income. Accordingly, we find that in the railway brotherhoods, the Cigar Makers' International Union, the German American Typographia, the Boot and Shoe Workers' Union, and the International Typographical Union, all of which maintain liberal systems of benevolent relief, the cost of strikes forms but a minor part of the total disbursement. Thus, the total expenditures of the Cigar Makers' Union during the five years preceding 1904, amounted to $3,514,182.36. Of this, but $361,475.87, or 12.8 per cent, was paid out in strike benefits. Similarly, in the International Typographical Union, for five years ending June 30, 1904, but $226,411, or 25.8 per cent of the total expenditure of $876,044, was spent for defensive purposes.[8] In the Boot and Shoe Workers' Union, the proportion is much less than in either of these, only $46,270, or less than 8.5 per cent of a total expenditure of $552,242, being paid out for strike benefits during the five years ending June 1, 1904. On the other hand, the United Mine Workers during the four years preceding 1904 expended over $2,566,584.86, or more than two-thirds of its total expenditure, in granting strike relief to local and district unions.[9]

The relative amounts of strike expenditures among American trade unions is chiefly dependent on the nature of the craft. Some organizations, owing to the peculiar trade qualifications demanded of their members or the important position they occupy in the industrial world, are apt to

[8] This includes the expenses of organizers engaged in settling disputes; see page 105.

[9] The annual expenditures from 1899 to 1903 of the United Mine Workers (exclusive of the amounts paid out by the local and district organizations) were as follows:

YEAR.	MEMBERSHIP.	STRIKE EXPENDITURE.	TOTAL EXPENDITURE.
1900	115,521	$ 154,676.82	$ 245,516.00
1901	198,024	202,926.07	330,143.57
1902	175,367	1,890,201.53	2,080,805.00
1903 (11 mos.)	247,240	308,780.44	573,593.47

assume a more aggressive attitude. This is especially true of the more highly skilled trades, such as glass blowing, granite cutting, printing, and engineering. In these a long apprenticeship is required for full efficiency in the trade. Furthermore, the services or commodities furnished by these highly skilled trades are usually such as cannot immediately be substituted. On the other hand, laborers in unskilled occupations, such as barbering, retail clerking, and meat packing can rarely enforce their demands, since employers can easily procure others to fill their places.[10] Unions composed exclusively of unskilled workmen, therefore, find it of little advantage to accumulate large defense funds, and unless aided by other organizations or assured of a very favorable public sympathy, can hope for little success by resort to a strike.

The best type of a national trade organization composed of highly skilled workmen enforcing uniform wage scale and apprenticeship regulations throughout its jurisdiction is the Glass Bottle Blowers' Association. Since 1886 this organization has striven to acquire control over all the glass bottle factories in the United States, its efforts being directed chiefly against the shops located in South Jersey,—practically the only non-union glass bottle factories in the country. Each year thousands of dollars have been expended by the union in aiding the workmen in these shops to strike for union wages and union conditions of employment, but without success. In 1896 the organization ceased active opposition in order to accumulate a large defense fund. An open conflict was thus avoided for three years. In 1899, when the association numbered five thousand members and possessed a surplus of $79,000, six hundred union bottle blowers[11] working in South Jersey factories were ordered to

[10] The same holds true, to a large extent, of trades and occupations in which there is a minute subdivision of labor, such as garment making, and boot and shoe manufacturing.

[11] Besides the six hundred bottle-blowers, there were on the relief roll a number of window glass blowers, who were not members of the union, but who struck in sympathy. To these men $45,826 was

strike for union wages and union conditions. The heavy expense of maintaining these men during their ensuing idleness soon exhausted the reserve fund on hand and necessitated a resort to extra assessments levied upon the earnings of the employed part of the membership. Between April 8, 1899, and July 1, 1900, there was paid out for the relief of the strikers $172,659.13, an expenditure of about $35 for every member of the organization. The special assessments levied for the support of the strikers during a period of ten months were equal to about four per cent of the members' earnings.[12] After a cessation of hostilities lasting two years, the strike in South Jersey was resumed on April 8, 1902, resulting in an additional expenditure up to July 1, 1903, of $244,000, a larger sum than was spent in 1899. Besides the expense of maintaining on the relief roll over five hundred journeymen and apprentices, an executive officer and two paid leaders were kept on the ground. Considerable litigation, involving extra cost to the union, has also resulted from the strike.[13]

The American Fint Glass Workers' Union, an organization much smaller than the Glass Bottle Blowers' Association, but whose members possess the same high standard of skill, likewise conducts expensive and protracted strikes. With a membership averaging about 7500, this organization during the five years between 1893 and 1898 paid out $1,101,944.70 for strikes, an average of $220,388.94 annually. A single difficulty in Washington, Pa., begun in October, 1902, and not declared off until a year thereafter, cost the union over $96,000. Two extensive lockouts occurring during the same year also involved an expense approximating $75,000.[14]

paid in strike benefits out of the funds of the Glass Bottle Blowers' Association; see Proceedings of the Twenty-fourth Convention, p. 23.

[12] Proceedings of the Twenty-fourth Session of the Glass Bottle Blowers' Association, p. 27.

[13] Ibid., Twenty-seventh Session, pp. 40–45.

[14] Proceedings and Annual Reports of the Twenty-seventh Convention of the American Flint Glass Workers' Union, pp. 140–141. Bulletin of the Department of Labor, May, 1899, p. 394.

The cost of strikes and lockouts in the Granite Cutters' Union and in the Amalgamated Association of Iron, Steel and Tin Workers is also large. Both organizations are composed of highly skilled workmen, who adhere to a rigid code of piecework and apprenticeship regulation, and who contribute toward the maintenance of large reserve funds for defensive purposes.

The nature of the assistance granted striking members by the national unions is also an important element in determining the amount of their strike expenditures. We have shown in the previous chapter how as the older unions gradually developed a centralized financial system they began to assume responsibility for the support of local strikes, whereas in the newer and more loosely organized unions, strikes are still regarded largely as local affairs, and are financed by local funds. This difference in the financial development of the national trade organizations naturally gives rise to large differences in the relative amounts expended for strike purposes. Thus, in the Cigar Makers' International Union since 1879, all strikes inaugurated according to the rules prescribed in the constitution, whether involving ten men or ten thousand men, are supported from the general fund, each of the strikers receiving a weekly strike benefit. Accordingly, the average strike expenditure of this Union when estimated on a per capita basis, is much higher than in unions that assume the responsibility for the support of strikes only when the principle at stake affects the trade as a whole, or when a large number of members are involved. The average yearly per capita cost of strikes in the Cigar Makers' Union, for example, during the decade from 1890 to 1900 amounted to $1.36, whereas, in the Brotherhood of Carpenters and Joiners, a national union which grants assistance to locals only when engaged in general strikes, and then only when funds are available for this purpose, the average yearly per capita cost during the

same period was but $.69.[15] Similarly, in the Iron Molders' Union, the International Association of Machinists, the Granite Cutters' Union and others that pay out a fixed weekly strike benefit to all members engaged in legally sanctioned strikes or lockouts, the scale of expenditures is much higher than in organizations such as the Brotherhood of Painters and Decorators, the Journeymen Horseshoers' Union, and the United Metal Workers' Union which do not guarantee a fixed strike relief to individual members from a central fund, but prefer to subsidize their locals when engaged in serious difficulties with employers.

The introduction of new processes and sudden changes in the conditions surrounding a trade or industry are further factors affecting the amount of strike expenditures in the various trade organizations. Even if the attitude of the union is conciliatory, the disturbance in trade conditions generally entails an increase in the expenditures for defensive purposes. Thus, the period of the introduction of the mould in the cigar manufacturing industry was marked by a series of petty strikes throughout the country which caused the Cigar Makers' Union serious embarrassment.[16] The effect of the introduction of the linotype in the printing trade was much the same, although the conciliatory attitude taken by the International Typographical Union prevented serious disturbances, and an undue expenditure for strike relief.[17] The introduction of the planer in the stone cutting industry is giving rise at the present time to serious disturbances between union stone cutters and employes, and threatens to entail upon the Stone Cutters' International

[15] In the Typographical Union during the decade between 1890 and 1900, the average yearly cost of strikes was $1.26 per member or slightly less than that of the Cigar Makers; see table on page 69.

[16] Journal and Program of the Cigar Makers' International Union, Twentieth Session, 1893, p. 53. The introduction of the "suction table" in the rolling of cigars, has been a further cause of disturbance to the Union.

[17] See Barnett, "Introduction of the Linotype," Yale Review, November, 1904.

Association a higher scale of strike expenditures than heretofore.[18]

Similar in effect to the introduction of labor saving machinery is the sudden falling off or rapid rise in the demand for the product or services of a class of laborers. The great boom in the building trades in New York and in other large cities during the last few years has occasioned numerous and widespread strikes and lockouts among building laborers. Largely as a result of the disturbances, the strike disbursements of the United Brotherhood of Carpenters and Joiners rose from $36,355 during the fiscal year 1901–1902 to $139,922.80 during the year following. In the International Association of Journeymen Plumbers there was a similar increase in strike expenditure due to the same reason.[19] Likewise, in opposing wage reductions in times of trade depression, organized workmen look to their unions for aid. The draining of the defense funds during dull seasons has been one of the greatest hindrances to the progress of the loosely organized and weaker unions.[20]

The inauguration of an aggressive movement by a national union usually causes heavy temporary expenditures for strike benefits. Examples of such movements are the fight against the tenement house system by the Cigar Makers, the anti-sweat shop crusade of the Garment Workers and the general demands for a shorter work-day, such as have already been made by the Carpenters, the Granite Cutters and the Machinists. In all of these instances strikes were resorted to as a means of attaining the end desired. The strike conducted by the Cigar Makers of New York City in the winter of 1878 against tenement house work, for example,

[18] The same condition prevails in the glass trades, all branches of which have recently been invaded by machinery; see Proceedings of Twenty-third Annual Convention of the Glass Bottle Blowers' Association.

[19] Official proceedings of the Fourteenth Convention of the United Association of Journeymen Plumbers (1904), pp. 45 and 46.

[20] Report of the Proceedings of Sixteenth Annual Session of the American Federation of Labor (1896), pp. 14–15; also Seventeenth Annual Session, p. 7, and The Carpenter, June, 1896.

is estimated to have cost over $50,000. Of this amount the international union whose aid at this early date was merely subsidiary, paid out over $11,000.[21] The eight-hour movement of the Granite Cutters begun in January, 1900, entailed an expenditure of over $100,000 for strike benefits before resulting successfully, despite the fact that the employers were given three years' previous notice thereof. For a similar purpose, the Brotherhood of Carpenters and Joiners expended during the period from 1888 to 1894, $330,583[22] in strike assistance, while the nine-hour movement of the Machinists begun in the spring of 1901 involved a still larger expenditure. Both the Carpenters and the Machinists received financial aid from the American Federation of Labor.

Summing up the principal causes and conditions determining the relative amounts of strike expenditure in American national unions, we may conveniently classify them under three heads: (1) the nature of the craft or industry; (2) the character of the financial assistance granted to strikers, and (3) the defensive or aggressive policy of the union. Since each union is affected by these influences in a different manner and at different times, it is impossible to compare with any degree of exactness the expenditures of American national unions for defensive purposes. The best that can be done is to analyze the cost from year to year in certain representative unions and to endeavor in this way to reach some conclusion as to the general trend of strike expenditures in American trade unions.

As regards the character of their strike expenditures, American trade unions may be conveniently grouped under two heads:[23] (1) those in which strikes are of considerable

[21] Cigar Makers' Journal, September 15, 1879.

[22] See Proceedings of the Eighth General Convention of the United Brotherhood of Carpenters and Joiners, p. 26.

[23] This classification does not imply that the unions which are subject to petty or frequent conflicts may not, at times, conduct general strikes, nor that those in which general strikes are the rule, never have disputes of a purely local character. On the contrary, there are many organizations, such as the Granite Cutters, the Iron Molders and the Pattern Makers which may be placed in either group.

magnitude, usually covering a whole competitive district, but occurring only at considerable intervals; and (2) those in which strikes are frequent, but generally of a local character. Examples of the first class are the various unions of railway employes, and organizations such as the United Mine Workers, the Amalgamated Association of Iron, Steel and Tin Workers, and the Glass Bottle Blowers' Association, whose members either work in large groups under the same firm or employer, or who are employed under a general trade agreement between the union on the one hand and a manufacturers' association on the other.[24] Since a single dispute with employers in these unions may involve a large part, if not all, of the membership, adequate revenues and a central reserve fund for defensive purposes are considered of vital importance to the strength and stability of their organization. Though costly strikes are contingent items in the yearly budget, they must be provided against in the same way as large corporations insure themselves against fire, floods, and other damaging accidents.[25] Included in the second class of unions, i. e., those having numerous small strikes, are the Cigar Makers' International Union, the United Brotherhood of Carpenters and Joiners,

[24] See page 56.

[25] The disparities in the yearly strike expenditures of unions of this class are well illustrated by the following table of the annual disbursements from the protective fund of the Brotherhood of Locomotive Firemen; see Locomotive Firemen's Magazine, Part II, August, 1900.

YEAR.	MEMBERSHIP.	STRIKE EXPENDITURE.
1888	18,728	$220,036.10
1889	17,087	246,363.65
1890	18,657	428.75
1891	22,460	436.05
1892	25,967	458.15
1893	28,681	12,746.20
1894	26,506	107,556.87
1895	21,408	10,901.42
1896	22,461	176.59
1897	24,251	874.40
1898	27,039	1,235.84
1899	30,748	1,221.30

the United Garment Workers, the International Association of Machinists, the Iron Molders' Union, the Brotherhood of Painters and Decorators, and the International Typographical Union. Because of the constant character of the charge in unions of the second class, an analysis of the yearly cost of strikes in a few representative unions throws light on the general trend of such expenditures in American trade unions. Although the cost of strikes to these organizations may vary somewhat from year to year, it is, nevertheless, a continuous expense and must be met in the same manner as a railroad provides for repairs and renewals.

STRIKE EXPENDITURES OF THE CIGAR MAKERS' UNION.

YEAR.	MEMBERSHIP.[1]	COST OF STRIKES.	PER CAPITA COST.	TOTAL EXPENDITURE.
1879	1,250	$3,668.23	2.92	
1880	3,159	4,950.36	1.57	No record
1881	8,300	21,797.68	2.62	obtainable.
1882	11,430	44,850.41	3.92	
1883	13,214	27,812.13	2.10	$151,249.39
1884	11,871	143,547.13	12.09	383,443.47
1885	12,000	61,082.25	5.09	214,442.35
1886	24,672	54,402.61	2.20	245,445.02
1887	20,566	13,871.62	.67	261,152.54
1888	17,189	45,303.62	2.64	288,972.47
1889	17,555	5,202.52	.30	273,261.96
1890	24,624	18,414.27	.75	291,230.88
1891	24,221	33,531.78	1.38	384,711.65
1892	25,000	37,477.60	1.50	427,654.40
1893	26,788[2]	18,288.15	.67	535,517.51
1894	26,788	44,966.76	1.68	615,546.46
1895	27,828	44,039.06	1.58	642,609.38
1896	28,341	27,446.46	.98	664,879.72
1897	28,914	12,175.09	.45	514,245.77
1898	26,460	25,118.59	.95	513,909.50
1899	28,944[2]	12,331.64	.42	460,981.15
1900	33,955[2]	137,823.23	4.06	750,124.13
1901	33,974[2]	105,215.71	3.09	745,294.20
1902	37,023[2]	85,247.14	2.30	741,246.94
1903	39,301[2]	20,858.15	.53	618,635.94
1904	40,075[2]	32,888.88	.81	697,265.81

[1] As reported on January 1st of years following.

[2] Includes only those paying 30 cent dues.

From the foregoing table giving the annual expenditures for strikes in the Cigar Makers' International Union from 1879 to 1904, it will be noted that prior to 1889 the average per capita cost was much higher then in subsequent years. This difference is explained largely by the fact that during the former period strikes were unwisely inaugurated by many locals during unfavorable trade seasons. Thus, the large expenditure during 1884, amounting to $143,547.13 or $12.09 per capita, was directly attributable (according to Mr. Adolph Strasser, the international president) to a large number of strikes against a reduction of wages during a season of trade depression. The rules later adopted restricting the power of local unions to inaugurate strikes and the greater influence exercised by the international officers in settling disputes reduced the expenditure considerably.[26] This is shown in the comparatively low cost during the period of business depression from 1893 to 1899. Although the output of cigars fell off rapidly during these years and wages were reduced in a number of localities, the average per capita cost of strikes was lower than during any similar period in the union's history. Unfavorable trade conditions, instead of resulting in a larger number of strikes than formerly, led the international union to discourage trade conflicts so that, as far as possible, the funds might be used in the payment of out-of-work benefits and travelling loans to unemployed members.[27]

There appears to be no tendency toward a permanent decrease in the cost of strikes in the Cigar Makers' Interna-

[26] See Proceedings of the Sixteenth Session (1889), p. 6. In his report to the Sixteenth Session (1885) Mr. Strasser enumerated the following as the causes of unsuccessful strikes:

(1) The want of a thorough system of organization or a loose system of organization. (2) Insufficient funds to meet all requirements. (3) Insufficient knowledge of the condition of the trade and the inauguration of strikes during the most unfavorable season.

[27] Thus, during the five years ending September, 1901, 531 applications for permission to strike were made by local unions and but 283 were approved. See Report of the President of the Cigar Makers' International Union for term ending September 1, 1901; also Proceedings of the Twenty-first Session (1896), p. 19.

tional Union, despite the caution exercised by the Cigar Makers in inaugurating strikes. Indeed, it would appear from the table that the tendency is in the opposite direction, since the average yearly per capita cost for the period from 1893 to 1896 inclusive was $1.07, whereas, during the five years following, it was $2.24. But, as we have just pointed out, the low cost in the earlier period was due largely to the policy of avoiding strikes during a trade depression, and hence the subsequent increase does not signify permanent upward movement in strike expenditure. In fact, since 1889 when the restrictions now in force were placed upon the inauguration of strikes by the locals, the protective policy of the international union has not changed. This, however, has not prevented large differences in the yearly amounts paid out for strike benefits. Thus, during 1899, the expenditure amounted to but $12,311.64 or but $.42 per member, whereas during the year following it rose to $137,823.23 or $4.05 per member.[28] Similarly the cost fell from $2.30 per capita in 1902 to $ .53 in 1903.

The trend of strike expenditure in the Iron Molders' Union differs somewhat from that of the Cigar Makers. The almost continuous growth in the cost of strikes has been due partly to the adoption of a "defense fund" policy by the union and partly to the opposition of employers' associations. Prior to 1890, before the establishment of a central defense fund, on a secure financial basis, there was little regularity in the payment of strike benefits by the Iron Molders. Consequently, the larger locals conducted strikes independently, paying the expense from their own funds. This practice, however, was gradually abandoned as the na-

[28] The high cost during 1900 and 1901 was due to an extensive and protracted strike in New York City involving more than 6,000 cigar makers. The total expense of this single difficulty aggregated $286,778, of which the international union paid out $107,000. The remainder was received from the American Federation of Labor, and from other voluntary contributions.

tional union acquired sufficient funds for defensive purposes. The local unions were accordingly led to seek the approval of the national union in their conflicts, and thereafter to expect pecuniary assistance from them. The consequence was an enhanced responsibility on the part of the national union for the financial support of local strikes and a greater demand for strike assistance. At the same time also, there was a marked improvement in the fiscal resources of the organization, thus enabling strike benefits to be paid more promptly than heretofore.

STRIKE EXPENDITURES OF THE IRON MOLDERS' UNION.

PERIOD.	LENGTH OF PERIOD.	COST.	AVERAGE YEARLY COST.
1874–76	2 years.	$16,117.46	$8,058.73
1876–78	2 "	15,568.65	7,784.32
1878–82	4 "	19,894.63	4,973.65
1882–86	4 "	56,343.53	14,085.88
1886–88	2 "	33,883.54	16,941.77
1888–90	2 "	67,967.32	33,982.16
1890–95	5 "	209,967.52	41,994.38
1895–99	4 "	175,704.49	43,926.12
1899–1902	3 "	327,961.86	109,320.62

The formation of manufacturers' associations in the trade is perhaps the most important cause leading to an enlargement of the strike expenditure of the Iron Molders' Union. In 1886 the Stove Founders' Association, and in 1898 the National Founders' Association were organized for the purpose of dealing with the demands of the union. A conflict with the latter of these two associations resulted in the Cleveland strike, which beginning in July, 1900, and lasting eight months, involved five hundred and ninety-six molders and eighty apprentices and cost the union in strike benefits alone $104,638.[29] The year 1904 in consequence of another breach with the National Founders' Association, witnessed

[29] Proceedings of the Twenty-first Session of the Iron Molders' Union, p. 27.

a rapid rise in the scale of strike expenditure, $266,283.43 having been paid out in strike benefits.[20]

Trade agreements, however, as well as trade conflicts, have tended to increase the strike expenditure of the Iron Molders. To prevent the independent manufacturers, not members of the associations, from enjoying competitive advantages as to wages and hours of labor, increasing emphasis has been laid on the policy of equalizing conditions in the trade, resulting in a series of protracted and costly strikes in all parts of the country. During the three years from 1899 to 1902, more than one hundred separate conflicts occurred at a cost to the Iron Molders' Union of over $300,000.[21]

The trend of strike expenditures in the International Association of Machinists is very much the same as in the Iron Molders' Union. As in the latter organization, the expense has been constantly augmented both because of the opposition of an employers' association (the Metal Trades Alliance) and the disposition of the local unions to rely more and more upon the funds of the International Association to sustain them during conflicts. The general demand for the nine-hour work day in the trade, made in May, 1901, was bitterly contested both by members of the Metal Trades' Alliance and the railroad companies, and occasioned a heavy drain upon the funds of the International Association. Thus, strike expenditures rose from $35,892.24 during the year ending March 31, 1901, to $168,639.36, in the year following. Since this time, despite the fact that the nine-hour day had been won in a majority of the shops, no appreciable reduction in the strike expenditure is noticeable. The policy of the International Union has been to lend its support to all authorized conflicts, whether a small or large number of men are involved, and thus to obviate the ill effects of independent local strikes. This has entailed an ever-increas-

[20] Iron Molders' Journal, February, 1905, p. 102.
[21] Proceedings of the Twenty-second Session, pp. 612 and 627.

ing expenditure for strike benefits. Thus, during the fifteen months ending June 30, 1904, two hundred and two separate difficulties were supported at a total cost of $183,798.47.[32] This represents an average payment of $6 for one week to 27,295 striking members, or about one-third of the total membership.[33]

STRIKE EXPENDITURES OF THE UNITED BROTHERHOOD OF CARPENTERS AND JOINERS.

PERIOD.	MEMBERSHIP.[2]	STRIKE EXPENDITURES.	BIENNIAL PER CAPITA COST.	TOTAL EXPENDITURE.
1886–88	21,423	$10,311.83	.49	$ 59,667.51
1888–90	28,416	75,497.48	2.65	98,093.43
1890–92	50,000[3]	71,336.00	1.43	162,971.57
1892–94	33,000[3]	53,427.62	1.62	177,335.34
1894–96	29,000[3]	15,015.00	.52	124,567.00
1896–98	31,500	8,697.00	.28	135,275.15
1898–00	18,000	38,615.00	.57	206,781.04
1901–02[1]	126,500	36,355.00	.29	188,987.76
1902–04	161,205	188,373.18	1.18	779,661.03

[1] No record for year of 1900–1901.

[2] Membership for July of last year designated.

[3] Approximate.

The Brotherhood of Carpenters and Joiners differs from the three organizations already considered in that the national union guarantees no fixed strike pay to individual members, but merely grants such financial assistance to striking locals as the amount of the general funds on hand warrant.[34] Consequently the fluctuations in the disbursements for this purpose have corresponded closely to the financial condition of the Brotherhood. Thus, during the period from 1888 to 1894, when the demand for the eight-

[32] Machinists' Journal, September, 1904, pp. 788–789.

[33] The strike benefit of the machinists is $7 per week for married men and $5 per week for single men.

[34] Constitution of the Brotherhood of Carpenters and Joiners (1903), sec. 133; also the Report of the Secretary for the term ending June 30, 1903, p. 27.

hour day was being agitated among union carpenters, and when, in consequence of a rapid growth in membership, there was a marked improvement in the finances of the organization, the amount of strike expenditures (as shown in the table) was relatively much higher than during the following six years, when owing to a decline in membership, the union was in financial straits.[35] Strike assistance during the latter period was granted only where most urgently needed. Of late, however, because of the rapid increase in membership and revenue, the cost of strikes to the United Brotherhood is again tending upward. During the fiscal period 1903–04 expenditure for this purpose amounted to $188,372.18, or $1.18 per member, whereas during the six years previous the biennial per capita cost did not exceed half this sum.

Although local strikes among carpenters, as among cigar makers, in a great majority of instances, involve a small number of men,[36] the tendency for building employers to combine into associations for the purpose of dealing collectively with the unions has within recent years resulted in a number of large and protracted strikes, thus causing an increasing demand for strike assistance from the funds of the United Brotherhood. For example, a strike of the Builders' Association of Chicago, in the winter of 1900, which lasted eight months and rendered idle several thousand carpenters, entailed an expense upon the United Brotherhood of $13,000,[37] much above the average amount expended in a single difficulty.[38]

The strike expenditures of the four representative American trade unions described above show plainly the effect of

---

[35] See page 99.

[36] These small strikes, known as "shop" strikes receive no financial aid from the United Brotherhood.

[37] Proceedings of the Eleventh Session, p. 50; see also Proceedings of the Thirteenth General Session, p. 87.

[38] Thus from 1894 to 1898 the highest amount paid out in a strike was $4,500; see Proceedings of Ninth Session, p. 27, and Tenth Session, p. 30.

the tendencies towards the centralization of powers and functions in the national organizations. The same causes which in the political world have led kindred peoples to combine issues and act as a unit in matters of common interest have, in the industrial world, compelled both employers and workmen to centralize authority in their respective combinations and to stand united against each other. The collective action on both sides results in larger and more bitterly contested strikes and inevitably leads to an enhanced responsibility on the part of the national unions to their striking members. Whether the process of centralization leads to a permanent increase in the strike expenditures of American trade unions is still a matter of conjecture, but certain powerful influences make in the opposite direction.

Undoubtedly, the greatest advantage arising from the assumption by the national unions of the entire responsibility for the support of members involved in disputes with employers, is the control thus gained over strikes. By this means an effective check is put upon the rash and wasteful conflicts so frequently inaugurated by local unions, and the organization is often saved from severe loss both in revenue and membership consequent upon the bankruptcy and dissolution of the locals involved.[39] The president of the International Association of Machinists declared in 1891 that "nine-tenths of the strikes that are lost or even compromised can be credited to the fact that our local lodges take it upon themselves to order strikes even without notifying the Grand Lodge prior to the strike's taking place."[40]

The desire to avoid the damaging effects of unauthorized local strikes has led the leading organizations in which strike

[39] A strike inaugurated by a Cincinnati local of the Iron Molders' Union in 1885, contrary to the wishes of the general executive board, involved almost every stove molder from Pittsburg to Quincy and resulted in the collapse of several of the best locals in the organization; see Proceedings of the Seventeenth Session of the Iron Molders' Union, p. 9.

[40] Machinists' Journal, 1901, p. 464; see also Proceedings of the Fourteenth Convention of the United Association of Journeymen Plumbers, etc. (1904), p. 29.

assistance is granted from a central fund to adopt restrictive regulations. According to the present constitution of the Iron Molders' Union,[41] the inauguration of a strike by a local without the sanction of the general executive board is deemed sufficient reason for the suspension of the local from "the rights and privileges of the Iron Molders' Union." The rule adopted at the St. Louis convention of the International Typographical Union in 1904 is even more drastic, since it makes it the duty of the international executive council to "immediately disown all strikes occurring without its sanction and to guarantee protection to all members who remain at or accept work in the offices affected by the illegal strike."[42] Similar measures have likewise been taken in the other highly centralized organizations. Thus, in the Cigar Makers' International Union, every grievance involving more than twenty-five members must be submitted to a general vote, a two-thirds majority of the entire membership being necessary to authorize a strike.[43] It is also the policy of the Cigar Makers to conduct but one or two large strikes at a time, and to refrain from entering upon a conflict during the dull season of the year.[44] The Iron Molders' Union requires each local desiring to inaugurate a strike to submit to the general headquarters a statement of its grievances. This bill of grievances or "strike circular," as it is called, is examined and verified by the general executive board, which after reviewing the conditions of the trade decides whether a strike is necessary.[45] The International

[41] Constitution and Rules (1902), Art. VII, sec. 2.

[42] Proceedings of the Fiftieth Session of the International Typographical Union (1904), p. 50. The occasion leading to the enactment of this law was the unfavorable outcome of large strikes in Boston and Louisville, which had been entered upon during the year previous without the sanction of the officers of the Typographical Union.

[43] Constitution, sec. 86.

[44] The present constitution of the International Union, sec. 92, prohibits a strike from December to April, except in twelve specified States.

[45] Constitution and Rules of the Iron Molders' Union, adopted 1902, Art. VII, p. 35.

Association of Machinists, the Journeymen Plumbers, the Granite Cutters' Union, the Brotherhood of Painters and Decorators, and the Boot and Shoe Workers' Union follow the same procedure, the aim being in each case to check an unwarranted expenditure by placing strikes under the control of the national executive officers.

The value of such restrictive measures and the effect of a centralized control over the inauguration and conduct of strikes are well illustrated by the experience of the Bricklayers' and Masons' International Union. Although in this union, as in most others of the building trades, local and "shop" strikes are ordinarily conducted independently by the local lodges, strikes in which the principles involved concern the trade in general are supported by the national organization. Previous to 1893 the national constitution provided that a local desiring this support must first obtain the sanction of two-thirds of the total number of local lodges before entering upon a strike. This rule, however, was not a sufficient check upon wasteful expenditure. At least the general executive officers were of the opinion that more was being paid out in strike benefits than was warranted by trade conditions. Accordingly, through their efforts, the restrictions were made more rigid. The constitution of 1893 provided that a local lodge desiring to enter upon an authorized strike must first take a written vote thereon, and that two-thirds majority of all members must be obtained.[46] Furthermore, it was enacted that before such application should be made to the general headquarters, a local arbitration committee or a special deputy appointed by the president of the national union must endeavor to bring about a settlement of the grievance.[47]

[46] If there was more than one local union in the same city, they were to be regarded as one in taking such vote. Constitution of the Bricklayers' and Masons' International Union (1894), Art. XII, sec. 2.

[47] Constitution (1894), Art. XVIII.

The strict interpretation of these new constitutional provisions gave the executive officers of the national union an opportunity to dispose of many applications for strike assistance before they could receive the sanction of a general vote. In some instances applications were rejected on grounds of technical insufficiency, such as neglect to take a written vote of the members or an insufficient majority. In other instances it was claimed that proper measures had not been taken to secure arbitration or a compromise of the grievances, or that the dispute in question did not involve a principle which called for the support of the entire organization.[48] In consequence of this conciliatory policy, the secretary of the Bricklayers' and Masons' International Union, in his report for the year 1895, was able to say: "For the first time in twelve years we have passed through the season without a strike of an international character or one legalized by the International Union. * * * It goes to show that the members of our organizations are awakening to the fact that there is a time for strikes as for everything else and strikes in times of depression are not the right thing and ought to be avoided."[49]

During the six years following, the Bricklayers' and Masons' International Union paid out no money for strike purposes. The usual number of applications for permission to strike, with "bills of grievances" attached were received at the general headquarters. They were either rejected by the general executive board or the difficulties were settled by the special deputies appointed for the purpose by the president of the international union. The cost of these special deputies, it is claimed, has been a profitable expenditure for the organization, resulting in a large saving in the payment of strike benefits.[50]

---

[48] Report of the Industrial Commission, Vol. XVII, p. 123.

[49] Thirtieth Annual Report of the President and Secretary of the Bricklayers' and Masons' International Union, 1895, p. 34.

[50] Thirty-fourth Annual Report of the President and Secretary of the Bricklayers' and Masons' International Union (1899), p. 4.

STRIKE EXPENDITURES OF BRICKLAYERS' AND MASONS' UNION PREVIOUS TO 1895.[1]

YEAR.	LOCATION.	WEEKS ON STRIKE	COST.	RATE ASSESSED PER WEEK.	RESULT.
1883	Hamilton,	2	$1,676.23	.01	Won.
1884	Natick,[2]				Settled.
1884	London,[2]				"
1884	New Haven,[2]				"
1884	Buffalo,	15	21,662.00	.15	Lost.
1885	Cleveland,	6	2,401.00	.25	Won.
1885	Denver,	3	531.06	.12	"
1886	Providence,	20	4,607.00		Lost.
1887	Providence,	21	3,602.06	.05	"
1887	London,[2]				Settled.
1888	Fort Wayne,[2]				Settled.
1888	Hamilton,	2	1,912.00	.05	Won.
1888	Fall River,	9	1,144.00	.05	Lost.
1888	Ann Harbor,	18	1,762.06	.05	Lost.
1889	Ann Harbor,	21	1,600.06	.05	Lost.
1889	Cleveland,	5	5,717.00	.05	Settled.
1889	Pittsburg,				Settled.
1890	Toronto,	7	11,523.00	.18	Won.
1890	Cincinnati,	1	1,158.61	.05	Won.
1890	Cincinnati,	1	1,158.61	.05	Won.
1890	New Haven,	56	26,148.00	.05	Lost.
1891 8892	Williamsport,	62	10,561.00	.02	Lost.
1891 1892	Pittsburg,	49	45,688.00	.05	Won.
1891	Vicksburg,	4	1,160.00	.02	Lost.
1893	Utica,	1	473.00	.02	Won.
1893	Lowell,	21	7,399.00	.03	Lost.
1894	Grand Rapids.	23	12,199.00	.03	Compromised.

[1] Thirty-eighth Annual Report of the Bricklayers' and Masons' International Union, p. 26.

[2] Settled satisfactorily to the Union. No assessments collected.

A similar policy of avoiding strikes by the employment of special deputies to "assume charge of the collective bargaining of the subordinate unions whenever a breach of industrial peace is threatened,"[81] has grown up in the International Typographical Union. Since the inauguration of an international defense fund in 1889, strike assistance has been granted

[81] Barnett, Collective Bargaining in the Typographical Union, in Studies in American Trade Unionism, ed. by Hollander and Barnett, p. 165.

to such subordinate local unions as were conducting conflicts approved by the executive council of the general organization. About the same time provision was made for the appointment of officers, known as "organizers," whose special duty consisted in visiting localities where there were disagreements with employers and in endeavoring to bring about a peaceful settlement. While the disbursements for strike benefits have varied greatly from year to year, the amount paid out for expenses of organizers has steadily grown, "showing that there is a constantly increasing endeavor to settle disputes by collective bargaining," rather than permit a resort to strikes.[52] Thus, from the following table, it can be seen that previous to 1895 the proportion of the defense fund expended annually for organizers did not exceed 14 per cent, whereas, during the years following, it has at times amounted to nearly 50 per cent.[53]

DISBURSEMENTS FROM THE DEFENSE FUND OF INTERNATIONAL TYPOGRAPHICAL UNION.

YEAR ENDING JUNE 30.	AID TO UNIONS.	EXPENSES OF ORGANIZERS.	PER CENT. OF TOTAL PAID TO ORGANIZERS.
1890	$11,519.50	$ 1,346.61	10%
1891	18,227.69	1,812.09	09
1892	48,616.63	2,212.09	04
1893	44,860.72	3,618.28	07
1894	29,959.78	4,874.91	14
1895	21,602.82	3,155.02	13
1896	18,760.58	4,568.77	19
1897 } 1898 }	45,262.55	12,202.18	21
1899	19,090.74	7,806.81	29
1900	79,608.71	11,699.80	13
1901	13,009.39	10,277.58	43
1902	14,442.67	13,238.48	48
1903	13,106.92	14,622.63	49
1904	54,558.22	15,229.64	22

[52] Ibid., p. 166.

[53] The low proportion in 1900 (13 per cent) and in 1904 (22 per cent) is due to the extraordinary drain upon the defense fund for strike assistance arising out of the participation of the International Union in several costly conflicts of subordinate unions. In 1900,

In other trade organizations, in which the central treasury assumes a large share of the burden of supporting strikes, the same policy of avoiding an undue number of conflicts with employers has come to prevail more and more. Since the executive officers are entrusted with the guardianship of the funds and are, therefore, largely responsible for the financial standing of their organization, they look upon strikes from a business point of view and are cautious about giving their sanction.

---

the strikes in Kansas City and Pittsburg and the lockout on the "New York Sun" entailed an expense of $60,000, while in 1904, the strike of the typefounders cost about $42,000.

CHAPTER II.

BENEFICIARY EXPENDITURE.

With the exception of the organizations of railway employes,[1] national trade unions in the United States were not designed primarily as beneficiary or friendly relief societies. The leaders in the American labor movement, however, early recognized that the payment by the unions of friendly society benefits would, in addition to promoting the social welfare of their members, be a potent factor in assuring strength and stability to the unions. The success of British unions in the field of benevolent insurance was ample evidence that trade unions limited to purposes of trade protection, could never attain the power and usefulness of those affording relief against casualties and emergencies.[2]

The membership of unions with beneficiary features is less subject to fluctuations, since the members suffer loss in severing their connection.[3] The desire to bind the members by stronger ties to the union has been a principal motive in the introduction by American unions of systems of beneficiary relief.[4] The comparative youth of American unions, however, together with their inferior financial organization, has prevented them from ranking with the British unions in their beneficiary undertakings. While the great English national organizations in most cases afford

[1] Since the "brotherhood" payments are in the nature of insurance rather than benefits, a consideration of them has been purposely excluded from the present study.

[2] "Protective and benevolent," wrote Adolph Strasser, president of the Cigar Makers' International Union in 1879, "is the secret of the growth and power of the trade unions in England." See Cigar Makers' Journal, April 10, 1879.

[3] On this point see Report of President Samuel Gompers in the Proceedings of the Third Annual Session of the American Federation of Labor, p. 15.

[4] The same is true of the British organizations; see Webb, Industrial Democracy (new edition), p. 158.

relief to members against sickness, death, old age and unemployment, not more than one-half of the American national unions conduct a system of benevolent relief, and of these the greater number limit the systems to burial and disability benefit.

The formation of mutual benefit associations, participation in which was voluntary, but limited to members of the union, marks the earliest attempt of American national unions to inaugurate beneficiary features.[5] The plan was first tried by the Iron Molders' Union in 1870, and in later years by the Machinists' and Blacksmiths' Union, the Cigar Makers' International Union, the Granite Cutters' National Union, the Knights of Labor, the International Furniture Workers' Union and the International Typographical Union.[6] After trials of from two to ten years, all of these unions gave up the plan, either ceasing to pay benefits or introducing a compulsory system maintained by assessments upon the entire membership.

The Death or Disability Benefit.—For several reasons the burial or death benefit[7] is the most favored of the insurance features considered by national trade unions. In the first place, on account of the large membership of the national unions and the greater extent of territory covered by them, the death rate in a national beneficiary society is far more regular and calculable than in a local society. Secondly, since death is the most easily attested of human casualties, the death benefit is less susceptible to fraudulent practices than other forms of insurance. Coupled with these reasons is the deep-seated dread of a pauper grave that inspires all self-respecting workmen to provide means during life for defraying the cost of their burial.

---

[5] Benefit claims in these associations were paid by levying assessments upon the participating members as required.

[6] In all except the Granite Cutters and the Furniture Workers, only a funeral or death benefit was paid.

[7] The death benefit is generally combined with a total disability benefit, since permanently disabled members must necessarily withdraw from the trade.

The amount expended by the national unions for death and disability benefits is primarily dependent (1) upon the amount of the benefit and (2) upon the death rate of the members.

The amount of the benefit paid out by each organization is undoubtedly the most important consideration in determining the expenditure required. The sum ordinarily paid at the death of each member is one hundred dollars, though in some of the minor organizations it is as low as fifty dollars,[8] while in the Glass Bottle Blowers' Association it is five hundred dollars. This disparity in the amount of the benefit naturally gives rise to large differences in the gross expenditures for this purpose.

DEATH-BENEFIT EXPENDITURES OF THE CIGAR MAKERS' INTERNATIONAL UNION.

YEAR.	AMOUNT PAID.	PER CAPITA COST.
1882	$ 1,874.02	$0.15
1883	2,690.00	0.20
1884	3,920.00	.33
1885	4,214.00	.35
1886	4,820.00	.20
1887	8,850.00	.43
1888	21,319.75	1.24
1889	19,175.50	1.09
1890	26,043.00	1.06
1891	38,063.35	1.57
1892	44,701.97	1.79
1893	49,458.33	1.83
1894	62,158.77	2.32
1895	66,725.98	2.40
1896	78,768.09	2.80
1897	69,186.67	2.53
1898	94,939.83	3.59
1899	98,993.83	3.41
1900	98,291.00	2.89
1901	138,456.38	4.08
1902	128,447.63	3.47
1903	138,625.91	3.27
1904	151,226.18	3.66

[8] E. g., in the Watch Case Engravers' International Association, the Amalgamated Glass Workers' International Association and the Piano and Organ Workers' International Union.

The grading of the benefit according to the period of membership is an important element in the cost of a system of death benefits. As each union grows older, the desire to reward old members who have largely contributed to its support, and the hope of inducing the newer members to remain in the organization by offering premiums for long periods of continuous membership result in a transformation of the simple uniform payment into a graded system of death benefits. The effect of this change is a gradual increase each year in the expenditure for death beneficiary purposes. The almost uninterrupted growth in the per capita cost of the death benefit feature of the Cigar Makers' International Union, shown in the preceding table, is to be ascribed chiefly to this reason. When the feature was first put in operation in 1881, provision was made for a uniform payment of $25 to cover a member's funeral expenses. The next year the amount was increased to $30, and in 1884, it was fixed at $50. It remained at this figure until 1890, when the funeral benefit feature was changed into a graded death benefit, ranging from $50 for members of less than five years' standing to $500 for those who at the time of death had been members for fifteen years.[9] At the same time a wife's funeral benefit of $40 was added, payable to members of more than two years' standing. This feature in 1891 was further extended so as to apply to the funeral expenses of a widowed mother dependent upon a member for support.[10] These extensions have entailed a corresponding increase in expenditure, causing the annual cost per member to advance from fifteen cents in 1882 to a maximum of $4.08 in 1901.

The recent experience of the Brotherhood of Leather Workers on Horse Goods offers a further illustration of the growth in expenditure due to an extension of the death

[9] Members of five years standing are entitled to a benefit of $200; of ten years, $350; and of fifteen years, $500; Constitution (1891), Art. XI.

[10] Constitution (1891), Art. XI.

benefit feature. In 1902 this organization adopted the graded form, granting to members after six months' standing an insurance of $40; after two years' standing, $60; and after four, five, and eight years' standing, $100, $200, and $300 respectively. In consequence of this change, the expenditure for death benefits has been rapidly increasing, almost equalling for the fiscal year 1904 the total amount paid out during the three years' previous. The cause is apparent from the fact that out of a total membership of 7,758 in July, 1904, over 3,000 were estimated to have been in the union five years, and a considerable number for longer periods. This large proportion of members of long standing promises to make the expense of the graded system "attain terrific proportions."[11]

The cost of the death benefit feature in the International Association of Machinists is likewise tending to increase steadily in consequence of the introduction of the graded system. In July, 1900 the association adopted a scale of death benefits graded according to the length of membership[12] and ranging from $50 for members of six months' standing to $200 for members of two years' standing. Although the length of the membership was computed only from the adoption of the graded system, in April, 1903, less than three years thereafter, the international president reported that ninety per cent of the death claims then being paid were for $100, the sum granted to members after two years standing.

The second main element in determining the amount of expenditure required for death benefit, viz., the death rate, depends on two factors: (*a*) the healthfulness of the trade and (*b*) the age grouping of the membership. It is well known that some trades are more injurious to health and less favorable to length of years than others. In the Glass Bottle Blowers' Association, for example, the average age

[11] Leather Workers' Journal, July, 1904, Vol. VI, p. 698.
[12] Machinists' Journal, Vol. XV. p. 486. See also Vol. XVI, p. 882.

at death is as low as thirty years, in the Stone Cutters' Association it is about thirty-five, and in the International Typographical Union it is about forty-five years.

Since, however, the great mass of trades differ but slightly in healthfulness, the most important element in determining the death rate is the proportion of older to younger members.

Unless the membership grows, the average age of the membership increases and the death rate becomes higher. This has been one of the results of the slow growth in the membership of the Cigar Makers' International Union. It is further indicated by the following comparative statement giving the death rate per thousand members and the average age at death for the years 1890, 1895, and 1900 respectively:

YEAR.	MEMBERSHIP.	NUMBER OF DEATHS.	DEATH RATE PER THOUSAND.	AVERAGE AGE AT DEATH.
1890	24,624	211	8.1	37 yrs. 6 mos.
1895	27,760	348	12.5	39 yrs. 6 mos.
1900	33,955	339	9.5	43 yrs. 6 mos.

The rise in the average age at death here shown is undoubtedly due to the increasing proportion of old members who, even when unable to work steadily at the trade, keep up their standing in the union so as to avail themselves of the various benefits offered by the organization.[18]

The experience of the German-American Typographia, a small union that has been declining steadily in membership since 1893, illustrates the same point. During the five years between 1895 and 1899, inclusive, the average yearly per capita cost as shown by the table was $2.75, whereas

[18] President George W. Perkins of the Cigar Makers' International Union ascribes this higher average length of life to the shorter working day and better conditions of employment; cf. report of President of Cigar Makers' International Union, September, 1901. While some influence is to be ascribed to this cause, it can hardly account for any large part of the increase in the average age at death.

during the five years following it reached $3.49, an increase of almost thirty per cent.[14]

DEATH-BENEFICIARY EXPENDITURE OF THE GERMAN-AMERICAN TYPOGRAPHIA.

YEAR ENDING JUNE 30.	MEMBERS.	AMOUNT PAID IN BENEFITS.	PER CAPITA COST.	AVERAGE PER CAPITA COST IN FIVE YEARS.
1885	559	$1,983.10	$3.37	
1886	952	1,000.00	1.14	
1887	1,075	2,125.00	1.97	2.39
1888	1,127	2,910.10	2.58	
1889	1,130	2,093.75	1.85	
1890	1,233	2,400.00	1.95	
1891	1,322	2,950.00	2.23	
1892	1,382	2,251.70	1.63	2.47
1893	1,380	3,046.65	2.20	
1894	1,204	5,251.75	4.30	
1895	1,092	3,835.00	3.51	
1896	1,115	2,637.41	2.36	
1897	1,083	4,572.65	4.22	2.75
1898	1,100	2,900.00	2.36	
1899	1,071	1,365.00	1.29	
1900	1,044	3,275.00	3.14	
1901	1,023	4,185.00	4.09	
1902	997	3,575.00	3.58	3.49
1903	997	3,250.00	3.26	
1904	944	2,255.00	2.39	

Those unions whose membership varies considerably in short periods consequently find the per capita cost of a system of death benefits much less when the membership is increasing and heavier when it is declining. The death and total disability benefit expenditure of the United Brotherhood of Carpenters and Joiners illustrates the effect of rapid fluctuations in membership. Beginning with 1883, the Brotherhood granted, after six months' membership, a funeral benefit of $250 and a wife's funeral benefit of $50. In

[14] Partly to reduce expenditure and partly to enable superannuated members to leave the trade by furnishing them with capital to open a small shop or other business, the Typographia has introduced the practice of converting the death-benefit claims of old members into cash payments. The money thus expended (*Auskaufsgelt*) is charged to the account of "death beneficiary expenditure."

1886 these benefits were reduced somewhat by grading them as follows: for a regular beneficiary member, who had been at least six months in the union, a death benefit of $100; for one of more than two years' standing, $200. The wife's funeral benefit was fixed at $25 and $50 for members of six months' and over two years' standing, respectively. The member was also entitled to a total disability benefit, if the disability was incurred while working at the trade. The disability benefit was fixed at $100 for members of six months' standing; $200 after one year, $300 after three years, and $400 after five years. During the years immediately following the crisis of 1893 a rapid decline in membership caused a relatively larger number of claims to be presented and a corresponding increase in the per capita cost. During the five years preceding 1893, the average number of claims per thousand members each year was three, and the average yearly per capita cost of benefit $.87. During the five years following, however, the average number of claims yearly was 11.1 per thousand members, while the average yearly per capita cost rose to $1.55. A diminution in cost has come about since 1900 through a rapid growth in membership, which rose from 68,436 in 1900 to 167,299 on June 30, 1903, resulting in a corresponding decline of the per capita expenditure from $1.39 in 1898 to $.75 in 1903.

The Iron Molders' Union is a type of trade union which has a fairly constant membership. It consequently has had less pronounced variations in the amount of its expenditures for death benefits than the Carpenters. No change was made in the death and total disability benefit of this union (a uniform benefit of $100), from the inauguration of the feature in 1880 until 1899, when the graded system was adopted. The benefit paid on the death of members in good standing for one year was then fixed at $100; for five years, $150; for ten years, $175; for fifteen years, $200. This grading has had as yet no appreciable effect upon the expenditure, first, because membership is computed only from

the year 1895, and secondly, because during the last decade, the number of members in the Iron Molders' Union has steadily increased, and the death rate has been kept low.

DEATH AND TOTAL DISABILITY BENEFIT EXPENDITURE OF THE BROTHERHOOD OF CARPENTERS.

YEAR ENDING JULY 1.	MEMBERSHIP.	NUMBER OF BENEFITS PAID.	AMOUNT PAID.	PER CAPITA COST.	NO. OF CLAIMS PER 1,000 MEMBERS.
1883	3,293	6	$ 1,500.00	$.45	2.0
1884	4,364	9	2,250.00	.67	2.0
1885	5,789	36	5,700.00	.98	6.2
1886	21,423	54	9,200.00	.68	2.5
1887	25,466	139	16,275.16	.66	5.4
1888	28,416	172	18,750.00	.66	6.1
1889	31,496	224	25,575.00	.90	6.0
1890	53,769	254	32,267.49	1.60	4.7
1891	56,937	374	44,732.65	2.80	6.6 —
1892	51,313	620	72,613.35	1.38	12.0 —
1893	54,121	538	64,684.45	1.19	9.9
1894	33,917	462	59,972.50	1.77	13.6
1895	25,152	387	51,311.75	2.04	11.4
1896	29,691	301	39,690.35	1.33	10.1
1897	28,269	303	40,229.45	1.42	10.7
1898	31,508	332	43,953.99	1.39	10.6 —
1899	[1]	[1]	[1]		
1900	68,463	[1]	105,123.48	1.54	
1901	87,148	[1]	[1]		
1902	122,568	[1]	101,349.40	.83	
1903	167,229	1,262	132,539.40	.75	7.5
1904	161,205	1,562	184.271.45	1.14	9.7

[1] No record.

The table on the next page shows the receipts and expenditures, together with the monthly per capita income of the Death and Total Disability Fund in the Iron Molders' Union as reported by the secretary from 1880 to 1902.

The introduction of graded death benefits tends to increase the expenditure of the unions by retaining in the unions, during periods of depression, many members who without the inducement thus held out would withdraw. The result is, an increase in the average age of membership and in the death rate.

DEATH BENEFIT FUND OF THE IRON MOLDERS' UNION

DATE.	INTERVAL.	RECEIPTS.	EXPENDITURES.	MONTHLY PER CAPITA REVENUE.
1880–1882	2 years.	$16,567.00	$12,000.00	$.07½
1882–1886	4 "	32,429.92	32,400.00	.07½
1886–1888	2 "	22,182.01	16,350.50	.10
1888–1890	2 "	20,988.05	21,919.00	.08
1890–1895	5 "	54,179.19	58,512.90	.064
1895–1899	4 "	54,631.56	40,499.00	.064 and a $2.00 initiation fee.
1899–1902	3 "	111,916.13	75,631.36	

Variations from year to year in the cost of the death and total disability benefit is much more pronounced in the small national trade unions having but a few thousand members than in the large unions. These disparities are due to fluctuations in the death rate. This is well illustrated in the table showing the death expenditure of the German-American Typographia for death benefits. This small, but well conducted, organization has been paying out regularly since 1885 a members' funeral benefit of $200, and a wife's funeral benefit of $50. Though having a remarkably steady membership, its expenditures for death benefits fluctuate widely from year to year. Thus, in 1899, the cost amounted to $1,365, or $1.29 per member, whereas the next year, with but a slight decrease in membership, it rose to $3,275, or $3.14 per member. In 1901 the cost was even higher, the benefits paid out aggregating $4,185, or $4.09 for each member in the union. Owing to the fact that the membership in the Typographia has been steadily decreasing since 1892, variations in the yearly death rate and the consequent difficulty in financiering the death benefit feature threaten to be even more pronounced in the future.

As the cost of the benefits increases in each organization, the desire to limit expenditure has led to the imposition of special qualifications for membership. The constitution of the Brotherhood of Carpenters and Joiners, for example, provides that a beneficiary member must be in the union six

months before his heirs are entitled to receive a benefit; that he must have been at the time of his admission not less than twenty-one or over fifty years of age; and that he must not be "affected with any disease or complaint likely to endanger his health or cause permanent disability."[15] The age limit for beneficiary members in the Brotherhood of Painters, Decorators and Paperhangers, in the Pattern Makers' League, and in the Cigar Makers' Union is likewise fixed at fifty years. In the Boot and Shoe Workers' Union, however, the limit is sixty years for men not suffering from dangerous and incurable diseases. The difficulty of enforcing these provisions because of the failure of the local unions to carry them out faithfully often entails an unduly large expenditure for the payment of death benefit claims, and is the cause of much complaint from the national officers.[16]

The Sick Benefit.—Next to funeral or death benefits, the benevolent feature most favored by American trade unionists is the sick benefit. From an early period, however, this form of relief has been administered independently by the local organizations, and in not more than a dozen instances has it been taken over by the national unions. Sick relief, to be effective, must be paid immediately. To pay the benefit from the central treasury would entail delays through correspondence, verification, and other prescribed forms. Accordingly, even in the organizations that have adopted a national sick benefit the local branches are permitted to retain a share of the general fund in order to enable them to administer directly the relief claimed by their sick members. The "nationalized" system of finance of the Cigar Makers' International Union and of the German-American Typographia, in which the general funds are held "in trust" by the locals, is peculiarly adapted to the payment of sick relief. Likewise,

[15] Constitution of the Brotherhood of Carpenters and Joiners (1903), sec. 92. Members not fulfilling these conditions are classed as "apprentice or non-beneficiary" and are entitled to a funeral benefit of but fifty dollars. The Cigar Makers admit non-beneficiary members upon the payment of half dues.

[16] See pp. 99, 100 and 141.

in the Iron Molders' Union and in the Leather Workers on Horse Goods, both of which maintain central treasuries and separate national funds, the administration of the national sick benefit feature is largely given over to the local branches. Each local retains a proportionate share of the national sick benefit fund, and pays sick benefits from its own treasury. The local is later reimbursed by the national union.[17]

The Cigar Makers' International Union was the first American national trade union to grant sick relief to its members. The constitution of 1881 made provision for a sick benefit of three dollars per week to be granted to any member more than six months in the union who should become sick and "unable to attend to his or her vocation * * * provided such sickness or disability shall last at least one week and shall not have been caused by intemperance, debauchery or immoral conduct."[18] The payment was limited to eight continuous weeks; thereafter, for eight weeks longer, the sick member was entitled to $1.50, but under no circumstances could the relief extend over more than sixteen weeks during a single year. In 1884 the weekly benefit was increased to $4, and several years later to $5 for the first eight weeks and to $3 for the remaining period. In 1891 provision was made that $5 might be paid for thirteen continuous weeks. At present, this is the maximum period during which a member is entitled to sick relief. At the same time, the period of membership required for eligibility to the benefit was raised from six months to one year.[19] As in the case of death benefit, this liberalizing process has led to a proportionate increase in the yearly per capita cost of sick relief, as shown in the following table:

---

[17] Constitution of the United Brotherhood of Leather Workers on Horse Goods, Art. XII, sec. 6. The chief fiscal advantage in paying sick relief from the general funds lies in the equalization of the expense among the local branches. Thus the burden of the cost is equalized for the whole membership.

[18] Constitution of the Cigar Makers' International Union, 1880, Art. XII.

[19] Constitution (1891).

SICK-BENEFIT EXPENDITURE OF THE CIGAR MAKERS' INTERNATIONAL UNION.

YEAR.	AMOUNT PAID.	PER CAPITA COST.	YEAR.	AMOUNT PAID.	PER CAPITA COST.
1881	$3,987.73	$ .44	1893	$104,391.83	$3.86
1882	17,145.29	1.50	1894	106,758.37	3.99
1883	22,250.56	1.69	1895	112,567.06	4.04
1884	31,551.50	2.66	1896	109,208.64	3.87
1885	29,379.89	2.45	1897	112,774.63	4.13
1886	42,225.59	1.71	1898	111,283.60	4.20
1887	63,900.88	3.11	1899	107,785.07	3.72
1888	58,824.19	3.42	1900	117,455.84	3.46
1889	56,519.94	3.39	1901	134,614.11	3.66
1890	64,660.47	2.63	1902	137,403.35	3.71
1891	87,472.97	3.61	1903	147,054.56	3.74
1892	89,906.30	3.59	1904	163,226.18	3.90

A noticeable feature in the sick benefit expenditures of the Cigar Makers is the high cost of sick relief from 1894 to 1899, the average per capita expense for these years being almost ten per cent above the average for the five years following. This increase in cost can be mainly ascribed to the general trade depression following the crisis of 1893, since in the Cigar Makers as in other organizations the number of members on the sick list is larger in dull times than during periods of prosperity.

This tendency for sick beneficiary expenditure to increase during dull seasons is further illustrated by the experience of the Iron Molders' Union. Since January 1, 1896, the organization has been paying a national sick benefit of five dollars per week, limited to a period of thirteen weeks in one year. The rapid and steady increase in membership following the inauguration of this feature has resulted in enlarging the disbursements from the sick benefit fund without increasing the per capita cost. During the first six months of 1903, however, there was a marked growth in expenditures,[20] which was attributed both to the severity of

[20] Thus, from January 1 to June 30, 1903, there was paid out $118,781.75, or about two-thirds of the total amount paid during the year previous.

the winter and the depression in the iron industry. As with the Cigar Makers, either good times insure better health to to the iron molder, or it must be inferred that "the benefits are paid out during times of depression in instances where the member is suffering from idleness rather than from diseases that would render him unable to labor." [21]

SICK-BENEFIT EXPENDITURES OF THE IRON MOLDERS' UNION.

YEAR.	MEMBERSHIP.[1]	COST.	PER CAPITA COST.
1896	20,920	$ 38,510.00	1.36
1897	23,003	36,720.00	1.59
1898	25,072	37,710.00	1.50
1899	28,941	57,495.00	1.98
1900	41,189	102,936.00	2.57
1901	48,115	118,515.00	2.47
1902	54,251	134,116.00	2.32
1903	64,472	197,365.00	3.06
1904	76,416	198,214.25	2.60

[1] As reported on January 1st of each year. Iron Molders' Journal, Vol. XXXIX, p. 639.

The average per capita cost per year of the sick benefit of the Iron Molders is somewhat less than in the Cigar Makers, barely exceeding three dollars per year. At times it has even been considerably less.[22] Thus, between January 1, 1896, and June 1, 1899, the average cost per member in good standing was 5⅘ cents per week. During the next three years, the average cost each week per member was 5⅗ cents, or $2.91 per year. The income of seven cents per week per member allotted to the sick benefit fund has been found sufficient at all times to meet the expense of sick relief.[23]

[21] Iron Molders' Journal, August, 1904, Vol. 40, p. 590.

[22] See the reports of the Financier for the terms ending June 1, 1899. and June 1, 1902, in Iron Molders' Journal, Vol. 35, No. 9, p. 48, and ibid., Supplement, Sept., 1902, p. 644.

[23] There is generally an excess of expenditures over receipts during the winter months, but this seasonable deficit is overbalanced by the surplus accruing during the spring and summer.

The sick relief of the German-American Typographia estimated on a per capita basis, is more costly than that of any other American national trade union, the average yearly expense during the twenty years from 1885 to 1904, inclusive, amounting to $4.24 cents per member. This is the result mainly of the liberal provisions for sick relief contained in the constitution of the German-American Typographia, whereby a member unable to work on account of sickness is entitled to a benefit of $5 per week for fifty weeks, and thereafter for fifty weeks longer to a benefit of $3 per week, aggregating in all $400. Members drawing this full amount must forego further claim to sick relief during an interval of two years. Moreover, since the average age of membership is higher than in the other unions, morbidity is naturally more prevalent and expenditure for sick relief even larger.[24]

SICK-BENEFIT EXPENDITURE OF THE GERMAN-AMERICAN TYPOGRAPHIA.

YEAR ENDING JUNE 30.	MEMBERSHIP.	AMOUNT PAID.	PER CAPITA COST.	AVERAGE PER CAPITA COST FOR FIVE YEARS.
1885	559	$2,444.85	$4.37	
1886	952	2,751.35	2.89	
1887	1,075	3,034.60	2.82	$3.49
1888	1,127	3,495.90	3.10	
1889	1,130	4,831.50	4.28	
1890	1,233	5,361.36	4.35	
1891	1,322	6,175.88	4.67	
1892	1,382	6,790.60	4.91	4.83
1893	1,380	6,051.65	4.38	
1894	1,204	7,004.07	5.85	
1895	1,092	5,098.98	4.67	
1896	1,115	5,426.65	4.87	
1897	1,083	4,681.25	4.32	4.34
1898	1,100	3,983.85	3.62	
1899	1,071	4,500.35	4.21	
1900	1,044	4,651.65	4.46	
1901	1,023	4,316.81	4.12	
1902	997	4,977.98	4.99	4.27
1903	997	3,767.93	3.80	
1904	994	2,945.68	2.97	

[24] The sick benefit, however, is often replaced by the out-of-work pay. See page 92.

Besides the Cigar Makers, the Iron Molders, and the Typographia, other national trade unions that have more recently inaugurated systems of sick relief are the United Association of Journeymen Plumbers (which during the fiscal year, 1903, paid out $24,650, or $1.37 per capita for this purpose),[25] the Brotherhood of Leather Workers on Horse Goods (which paid out from July 2, 1903, to May 30, 1904, $16,940, or $2.18 per member),[26] the Boot and Shoe Workers' Union, the Piano and Organ Workers' International Union, the Journeymen Barbers' International Union, and the Pattern Makers' League.[27] The provisions relating to the payment of the benefits in these unions do not differ materially from those already considered.

From the relatively small number of national unions that have undertaken to grant sick pay to individual members, it can be seen that this function is still regarded as an activity of the local unions. The fact that the amount of the benefit does not ordinarily exceed five or six dollars per week, and that a large reserve is not required to insure prompt and uninterrupted payment enables the local branches to afford sick relief to their members with little difficulty. However, it has sometimes happened that local unions have become bankrupt through an excessive liberality in paying benefits, thereby occasioning a financial loss to the national organization. This experience has been the source of frequent complaint on the part of the national officers. Thus in 1892, the general secretary-treasurer of the Brotherhood of Carpenters stated that in a number of instances local lodges were granting excessively large benefits to their members without properly limiting the period of payment. "This," he said, "ought to be checked, for through the impoverishment of

[25] Proceedings of the Fourteenth Convention of Journeymen Plumbers, etc., 1904, Official Journal, October, 1904, p. 43.

[26] Leather Workers' Journal, July, 1904, Vol. VI, p. 707.

[27] The Constitution of the United Garment Workers contains provisions regarding the payment of sick benefits by the locals, but no funds of the general treasury are expended for that purpose; see Constitution of the United Garment Workers, Art. XX.

the locals, the general organization suffers in the decimation of membership and final loss of these unions."[28] The president of the International Association of Machinists in 1901 made a similar complaint. "Our local lodges," he said, "to a very great extent are endeavoring to pay very high weekly benefits, which in many instances necessitates their falling in arrears to the Grand Lodge."[29]

The conditions affecting the cost of sick relief differ but slightly from those already noted as affecting death beneficiary expenditure. In the administration of sick relief, however, the opportunity for presenting fraudulent claims is much more pronounced. It has already been shown that in both the Cigar Makers' and the Iron Molders' Unions the per capita expenditure rose considerably during the dull season of the trade. The same is true of other national unions conducting systems of sick relief.[30] The sick benefit thus often takes the place of an out-of-work benefit, since sickness is easily feigned and indifferent physicians and sympathetic local officers mindful of the unemployed member's material needs, are willing to grant the claim, especially when they know that the burden devolves upon the general organization, and only in very small measure upon the local itself.

Out-of-work Benefit and the Travelling Loan.—A third kind of benevolent relief, which prevails largely among British trade unions, but which has been undertaken by but a very small number of American labor organizations, consists of the out-of-work benefit and the travelling loan. While serving the highly useful purposes of providing main-

[28] Proceedings of the Seventh General Convention of the United Brotherhood of Carpenters and Joiners (1892), p. 20. At this time the General Secretary-Treasurer estimated that about seventy-five per cent of the local lodges of the Carpenters were paying out sick benefits of from $4 to $6 per week, limited to a period of twenty-six weeks.

[29] Machinists' Journal, June, 1901, p. 469.

[30] Leather Workers' Journal, July, 1904, p. 698; also Proceedings of the Tenth Convention of the Journeymen Barbers' International Union (1901), p. 68.

tenance for members who lack employment and of aiding those who wish to travel in search of work, both of the features involve a risk and an expenditure which American trade organizations have not yet been prepared to assume.

Their value and importance as a means of promoting the aims of trade unions and of strengthening the ties that bind individual members to the organization, however, has not been wholly ignored. It has been constantly urged by those who advocate the payment of these forms of relief that nothing is more effective for the maintenance of a standard rate of wages. By offering a member sufficient relief to sustain him while unemployed, the motive which impels him to accept a lower wage than the standard rate is removed and his desertion made less likely. "A starving man," wrote President Adolph Strasser of the Cigar Makers' Union in 1879, "has no conscience. He will accept any payment for his work in order to provide for his sustenance."[21] Former Secretary-Treasurer P. J. Maguire, of the Brotherhood of Carpenters, urged the adoption of the out-of-work benefit on similar grounds. "The wages of those who continue in employment," he said, "can only be kept up to a living standard by a strong organization and the payment of an out-of-work benefit. Unemployed men cannot live on sentiment. However strong unionism may be, self-preservation is the first law of nature and must be recognized as such."[22] Despite the force of these arguments, the rank and file in American unions still refuse to give to their national organizations the financial power necessary to enable them to administer this form of benevolent relief. As yet, but two unions, i. e., the Cigar Makers' and the German Typographia have successfully adopted a national out-of-work benefit, while a very few others conduct a national system of travelling loans.

[21] Cigar Makers' Journal, April 10, 1879; also Webb, Industrial Democracy (new edition), p. 161.

[22] The Carpenter, August, 1894, p. 3.

The out-of-work feature of the Cigar Makers' International Union was inaugurated in 1889, the amount of the benefit being fixed at $3 for one week and 50 cents for each additional day of unemployment, and limited to six continuous weeks[83] for each member. The system has been successful from the outset. During the first year of its operation only 2,286 members, or less than one per cent of the total membership, were recipients of the relief, at an aggregate cost to the organization of $22,720.50, or 92 cents per capita. For the two years following, the result was even more favorable in consequence of the propserous condition of the trade. In 1891, the per capita cost was 88 cents per member and in 1892, 70 cents. The general business depression during the four years that followed, however, occasioned an enormous growth in the expenditure,[84] the average yearly per capita cost of the years 1893–96 being six times as great as that of the preceding three years.[85]

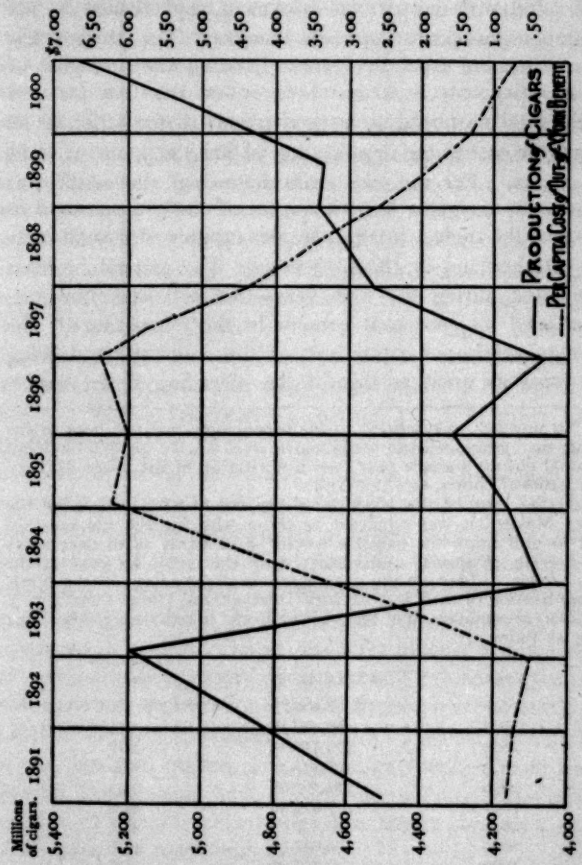
[83] No member was entitled to the benefit who had not been in the union two years, neither could more than $54 be paid to one individual during a single year; see Constitution of the Cigar Makers' International Union, secs. 117–132.

[84] At the time of the adoption of the out-of-work benefit by the Cigar Makers, it was admitted by those who favored the measure that in dull times the expense would be so great as to necessitate the levying of special assessments upon the employed part of the membership to keep up the payments; see Proceedings of the Nineteenth Session of the Cigar Makers' International Union (1891), p. 5.

[85] The expenditure for the out-of-work benefit since 1892 has been as follows:

YEAR.	EXPENDITURE.	PER CAPITA COST.
1892	$ 17,460.75	$ .65
1893	89,402.75	3.34
1894	174,517.25	6.27
1895	166,377.25	5.99
1896	175,767.25	6.43
1897	117,474.40	4.46
1898	70,197.70	2.65
1899	38,037.00	1.31
1900	23,897.00	.70
1901	27,083.71	.80
1902	21,071.00	.67
1903	15,558.00	.37
1904	29,872,50	.72

That the cost has continued to bear a similar close relation to the conditions of the cigar trade is illustrated by the accompanying chart.



The table of yearly expenditures for out-of-work benefits of the German-American Typographia illustrates further the close relation that this relief bears to trade conditions.

Thus, during the year ending June 30, 1894, the benefits paid to unemployed members aggregated $17,262.50, or more than $14 for each member in the organization, whereas during the preceding year, with a slightly larger membership the total expended for the purpose had been $7,835, or $5.25 per member. This disparity was due both to the trade depression brought on by the crisis of 1893 and to the displacement of workmen caused by the introduction of typesetting machines.[86] The partial readjustment of trade conditions during the years following has tended to keep the expenditures below the high figure of 1894, and since that time, the cost, though higher than formerly, has never exceeded $10.30 per member.

COST OF OUT-OF-WORK BENEFIT OF THE GERMAN-AMERICAN TYPOGRAPHIA.

YEAR ENDING JUNE 30.	MEMBERSHIP.	AMOUNT PAID..	PER CAPITA COST.	AVERAGE PER CAPITA COST FOR FIVE YEARS.
1885	559	$1,118.90	$2.00	
1886	952	1,453.08	1.53	
1887	1,075	1,240.10	1.15	$2.28
1888	1,127	1,315.13	1.17	
1889	1,130	6,281.50	5.56	
1890	1,233	4,315.00	3.50	
1891	1,322	6,067.00	4.51	
1892	1,382	9,067.00	6.56	6.92
1893	1,380	7,835.00	5.67	
1894	1,204	17,262.50	14.25	
1895	1,092	9,464.20	8.66	
1896	1,115	7,812.00	7.00	
1897	1,083	8,485.00	7.83	8.34
1898	1,100	8,603.00	7.82	
1899	1,071	11,135.00	10.39	
1900	1,044	8,703.00	8.34	
1901	1,023	6,716.00	6.57	
1902	997	7,839.00	7.86	6.69
1903	997	4,846.00	4.86	
1904	944	5,785.00	5.82	

The higher cost of the out-of-work benefit in the Typographia over that of the Cigar Makers is due both to the more

[86] See Hugo Miller, 25-Jahrige Geschichte der Deutsch-Americanische Typographia, p. 45.

liberal provisions of the benefit, and to the higher percentage of unemployed members in its ranks. The weekly pay is fixed at $6 per week, twice that paid by the Cigar Makers, and each unemployed member is entitled to an aggregate of $96 during a year. Owing to the introduction of the linotype in the printing trade, a number of old hand compositors in the union, unable to operate the new machines, have found it impossible to obtain steady employment, and consequently draw each year the full limit of the out-of-work pay. In this way the out-of-work benefit of the Typographia takes the place of a pension for superannuated members. The majority of those drawing the relief "have already been on the unemployed list many years and should in fact be classed as superannuated rather than temporarily unemployed printers." [37] Similarly among the Cigar Makers, even during favorable trade seasons, the out-of-work benefit serves as a support to those members who are so advanced in age as to be unable to work steadily at the trade.[38]

The heavy cost of an out-of-work feature during times of industrial depressions makes its successful financial operation dependent upon the maintenance of a large reserve fund or the levy of heavy special assessments on the membership. Thus, during 1893 and 1894, the Typographia, in order to meet the claims of unemployed members, after exhausting the reserve on hand, was compelled both to increase the regular membership dues and to levy, in addition, two special assessments, amounting in each case to one dollar per member.[39] The Cigar Makers during the same period were saved from the necessity of making assessments only by their large surplus and this fund was reduced from $503,827.20 on January 1, 1893, to $177,033.12 on January 1, 1897.

[37] Letter of Mr. Hugo Miller, Secretary-Treasurer of the German American Typographia, to the author.

[38] Cigar Makers' Journal, April, 1904, p. 8.

[39] It must be remembered that during periods of trade depressions when work is slack and wages low, the members are less able and less willing to pay higher dues or extra assessments.

TRAVELLING LOAN SYSTEM OF CIGARMAKERS' INTERNATIONAL UNION.

YEAR.	LOANS.	PER CAPITA COST.	COLLECTIONS.	LOANS OUTSTANDING.
1880	$ 2,808.15	$ .90		
1881	12,747.09	1.27		
1882	20,386.64	1.78	$ 8,547.67	$ 9,951.81
1883	37,135.20	2.81	24,665.42	21,630.35
1884	39,632.08	3.34	33,176.93	30,665.70
1885	26,683.54	2.22	22,236.74	35,122.00
1886	31,835.71	1.29	30,151.62	36,806.59
1887	49,281.04	2.40	38,273.93	47,813.70
1888	42,894.75	2.49	36,661.49	54,046.96
1889	43,540.44	2.48	41,097.68	56,489.72
1890	37,914.72	1.54	41,904.80	52,499.64
1891	53,535.73	2.21	45,270.63	60,764.74
1892	47,732.47	1.91	49,572.75	58,924.46
1893	60,475.11	2.24	41,255.59	78,143.98
1894	42,154.17	1.57	37,322.78	82,975.38
1895	41,657.16	1.50	36,728.98	87,904.55
1896	33,076.22	1.18	29,679.28	88,601.20
1897	29,067.04	1.06	31,767.33	75,542.11
1898	25,237.43	.89	30,758.10	83,080.53
1899	24,234.33	.84	31,772.75	75,542.11
1900	33,238.29	.98	33,765.34	75,044.50
1901	44,652.29	1.31	39,511.29	80,155.04
1902	45,314.05	1.22	47,144.04	78,325.95
1903	52,521.41	1.33	48,732.81	81,114.55

The "travelling loan" does not bear so close a relation to trade conditions as the out-of-work benefit. The purpose of this device is to equalize the labor demand in all sections of the country by enabling unemployed members to move to localities where work can be procured. Moreover, in all organizations except the Typographia, the benefit is not a gift but a loan which the borrower must repay when he secures employment, usually in instalments of a fixed percentage of his earnings.[40] The union loses only the unpaid loans. In the Cigar Makers' International Union, which in this as in other benevolent features has taken the lead among American unions, the repayments of loans during certain years—notably from 1897 to 1900 inclusive—have exceeded

[40] The Cigar Makers and the Typographia limit loans to $20; the Leather Workers on Horse Goods to $21.

the sums borrowed. From January 1, 1882, down to January 1, 1904, the total amount granted in travelling loans from the union's funds aggregated $877,555.34, and at the end of the period only $81,114.55, or 9.2 per cent, remained unpaid. In the Leather Workers on Horse Goods, the proportion of outstanding loans on June 1, 1904, to the total amount paid out since 1898, when the system was inaugurated, equalled 29.5 per cent.[41]

The travelling loan and the out-of-work benefit are subject to the same abuses at the hands of local officers as the sick benefit. The grant of such relief, therefore, has only been successful in the case of national unions possessing a high order of administrative efficiency and discipline, as well as an ample reserve fund. In a large number of organizations the loan system is conducted independently by the local lodges at their own expense.[42] The national organizations in such cases enforce collections by requiring each local to collect and forward the loans granted to members by other locals. Yet, owing to the lack of discipline, this function is exercised in some unions with the utmost difficulty, resulting in constant strife and annoyance. For example, in the International Association of Machinists, an organization possessing a fairly well developed and efficient administration, during the two years ending April 30, 1901, more than $2,500 of the loans advanced by locals aggregating $6,947, could not be collected.[43] During the year ending April, 1903, the showing was even worse, for out of the sum of $10,502.50 advanced, less than one-half was repaid at the end of the term.[44] This difficulty has led the president of the Machinists to urge the abolition of the local loan sys-

[41] The total paid out was $14,390.50, the amount still outstanding, $4,887.50. Leather Workers' Journal, July, 1904.

[42] The travelling loan is probably the earliest form of relief undertaken by organizations of workmen.

[43] Machinists' Journal, Vol. XIII, p. 470.

[44] Ibid., Vol. XV, p. 482. The international president estimated that during the year ending April, 1903, more than one thousand members "have either been suspended, expelled or dropped from the rolls for non-payment of loans advanced them."

tem on the ground that it causes harmful strife between the lodges, and results in a large number of suspensions of members, who, rather than repay the travelling loans advanced them, prefer to leave the union.

The experience of the Glass Bottle Blowers' Association in enforcing the collection of local travelling loans has been much the same. In 1892 a resolution was passed in the general convention of the Association directing all local branches receiving travelling cards[45] of members owing money to another branch, to collect for the crediting branch twenty-five per cent of the members' earnings.[46] The endeavor to enforce this rule proved so annoying that in 1895 a resolution was introduced in the convention urging the branches to adopt some radical measure "to prevent the Association from becoming a collecting agency."[47] The locals, however, have failed to take such measures, and the system still continues to be troublesome to the national officers, who have repeatedly urged its complete abolition.[48]

From the foregoing analysis of the different forms of trade union beneficiary expenditure, it is apparent that with but few exceptions the function of benevolent relief has not yet reached a high stage of development in American labor organizations. Only one half of the national unions undertake to pay any form of benefit and of these not more than a dozen have done so for more than a decade. It is consequently difficult to estimate the position of such expenditure for American trade unions as a whole. According to the annual report made to the American Federation of Labor by fifty-nine of the affiliated national unions, there were paid out for benefits in 1904–5 by these unions, the following sums: death benefits, $742,421.38; sick benefits,

[45] It is the practice to have the amount due a local from a member written on the back of this "travelling" or union card.

[46] Proceedings of the Glass Bottle Blowers' Association, Sixteenth Session (1892), p. 61.

[47] Ibid., Nineteenth Session, p. 107.

[48] Ibid., Twenty-third Session, p. 31.

$582,874.13; travelling benefits, $62,989.71; out-of-work benefits, $85,050.72.

The fact that the benefits paid out by local unions from their own funds are not included in these sums, renders the table of but slight value as a measure of the aggregate expenditure of American unions for beneficiary purposes. The local branches of many national organizations, as we have seen, assume entirely the function of benevolent relief, without aid or direction from the central authority; while others furnish benefits supplementary to the amounts paid by the central treasury. What these local expenditures aggregate each year, we have no means of telling with exactness, since complete data are unavailable; but there is reason to believe that it greatly exceeds the sum paid out by the national unions.[49] We have already shown that such features as the sick benefit, the out-of-work pay and the travelling loan are still regarded in most organizations as properly belonging to the local unions, while only the payment of the funeral benefit and disability insurance are deemed within the functions of the national body.

The unions spending most for beneficiary purposes are those which have advanced farthest in concentrating their functions in the national organization. Thus, the German-American Typographia, the Cigar Makers' International Union, the Iron Molders' Union, and the Brotherhood of Leather Workers on Horse Goods possess centralized systems of finance far superior to the ordinary American national union.

The tendency toward centralization of the government of national unions, however, together with the gradual increase of their revenues is resulting in larger activity in the field of benevolent, as well as of protective insurance. Some evidence of this can be had from the following table showing

[49] Thus fully seventy-five per cent of the locals of the Bricklayers' and Masons' International Union, and a still larger proportion of local unions of carpenters and machinists pay out funeral benefits to their members.

the proportion of beneficiary expenditure to total expenditures in ten leading American national unions:

UNION.	YEAR.	TOTAL EXPENDITURE.	BENEFICIARY EXPENDITURE.	PERCENTAGE OF TOTAL.
German-American Typographia.	1904	$ 18,506.03	$ 11,266.53	60.8
Cigar Makers' Inter. Union.....	1903	618,635.94	374,968.03	57.2
Iron Molders' Union	1904	592,871.05	252,000.65	42.4
Leather Workers on Horse Goods	1904	75,651.45	28,555.25	37.7
Inter. Typographical Union.....	1904	240,005.00	94,595.00	37.3
United Association of Plumbers..	1903	227,241.74	60,755.00	26.9
Bro. of Painters and Decorators.	1904[1]	81,867.06	21,925.00	26.8
Boot and Shoe Workers' Union..	1902–04	462,175.90	123,080.40	26.5
United Brotherhood of Carpenters and Joiners	1903	941,325.31	125,864.40	13.3
Inter. Association of Machinists.	1904	312,481.60	23,751.00	13.2

[1] Six months, ending June 30.

The tendency of beneficiary expenditure to increase with the gradual centralization of these unions is illustrated by comparing the proportion of union funds expended for benefits in former years, with what is being paid out at present. The Cigar Makers in 1883 out of a total expenditure of $151,249.39, spent $62,075.76 or slightly over 40 per cent for benevolent relief. In 1903 the proportion was 57.2 per cent. Similarly in the Iron Molders' Union, beneficiary expenditure has grown from 30 per cent in 1883 to more than 42 per cent in 1904.

The growth has been even more pronounced in the more recently organized unions. Thus, the expenditures of the International Association of Machinists for funeral benefits for the year ending March 31, 1901, amounted to $5,650 or about 6.6 per cent of the total expenditure. During the year ending May 31, 1904, the ratio was 13.2 per cent, just double that of 1901. In the Leather Workers on Horse Goods in 1898, the beneficiary expenditure was 22 per cent of the total expenditure, whereas in 1904 it reached 40 per cent. In no instance has this steady increase in expenditure occasioned a decline in disbursements for trade and defen-

sive purposes. On the contrary, the same tendency toward centralization of functions in the national unions has likewise occasioned a wider application of the protective principle and a constant enlargement of the defense fund budget.

Several serious financial difficulties attend the operation of systems of benevolent relief by national trade unions. In the first place, there is an utter absence of scientific bases in adjusting income to risk or expenditure. As a general rule, the apportionment of revenues to the beneficiary funds in trade unions is little more than guess work, and is only accomplished with some degree of accuracy after many experiments and repeated changes.[50] A change in the number and character of the membership often results in a serious drain upon the funds set aside for beneficiary purposes just as a disturbance in trade conditions may result in an exhaustion of the defense fund. Under such circum-

[50] The experience of the Iron Molders' Union, which probably has suffered less from fluctuations in membership or disturbance in trade conditions than most other national unions, may be taken as typical. When a funeral and total disability benefit of $100 was instituted in 1880, it was estimated that all claims arising therefrom could be met by a monthly assessment of seven and one-half cents per member. This calculation at first was approximately correct, but in 1885 the death rate began to increase slightly, necessitating an increase in the monthly assessment to ten cents per member. This soon proved more than sufficient for the purpose, the expenditures from the fund during the next two years amounting to less than two-thirds of the income. The convention of 1888, deeming a readjustment necessary, reduced the monthly assessment to eight cents per month per member. Owing to a steady growth in membership during the two years following, there was still an excess of income over expenditure, permitting a further reduction in the monthly revenue of the death benefit fund to six and four-tenths cents per member. This reduction was excessive; during the years following the receipts of the fund were barely sufficient to meet disbursements and during the latter part of the term of 1895 there was an actual deficiency of almost $2,000. To prevent the fund from thus being again overdrawn, the convention of 1895 added a two-dollar initiation fee as subsidiary revenue. A rapid increase in membership during the next six years caused an extraordinary yield from this source, making possible the transformation of the uniform benefit of $100 into a graded benefit. Should there be a rapid decline in the number of initiations at any time, however, the fund will undoubtedly again suffer a deficit; see Sakolski, Finances of the Iron Molders' Union, in Studies in American Trade Unionism, edited by Hollander and Barnett.

stances, either the scale of the benefit must be reduced or the revenue enlarged to meet the increased cost. The latter is the usual course adopted since a reduction in the scale of beneficiary features is generally considered a backward step and causes dissatisfaction and complaint among the membership.

The principal drawback to the maintenance by the national unions of reserves for beneficiary purposes is the inadequacy of their financial resources. The low per capita dues in most instances are barely sufficient to meet all rightful claims to benefits during favorable seasons, and do not permit the accumulation of a surplus to be used during times of industrial stagnation or unfavorable trade conditions. Not being fortified financially in such emergencies the unions are almost certain to fall behind in their obligations. The period of hard times following the crisis of 1893 was replete with instances of this form of delinquency. In the Stone Cutters' Association, for instance, during the two years, 1894 and 1895, the entire receipts of the general treasury did not average more than $600 per month, whereas the death benefit claims alone amounted to $1,000.[51] Similarly, in the Brotherhood of Carpenters and Joiners,[52] and in the German Typographia during the same period, the regular income was insufficient to pay off beneficiary claims. Consequently it was necessary for these unions to supplement the regular membership dues by special assessments.

A further source of difficulty connected with the conduct of beneficiary relief by American trade unions is the lack of administrative efficiency and discipline among the officers of local unions and the absence of efficient means for preventing fraudulent practices. As Mr. James O'Connell, the President of the International Association of Machinists, has well stated, "A labor organization, to carry on insur-

[51] Stone Cutters' Journal, February, 1896, p. 5.

[52] Proceedings of the Ninth General Convention of the United Brotherhood of Carpenters and Joiners (1896), p. 15. See also The Carpenter, March, 1893.

ance successfully must be well disciplined and its laws thoroughly settled in order that the highest standard of efficiency may be maintained."[53] Local officers, despite constitutional provisions to the contrary, will admit men to beneficiary membership who, because of physical disease or disability, inevitably cause financial loss to the union. Large sums are thus expended annually in the payment of benefits to members not legally entitled to receive them.[54]

In spite of these weaknesses, however, American trade unions, following in the wake of the British organizations, are gradually assuming more and more the functions of insurance and beneficiary associations. Each year adds to the number granting the common forms of relief, while those unions that have already adopted these primary features are seeking to extend their activities further along the same lines. This growing importance of the benevolent function, though generally looked upon with favor by labor leaders, is, nevertheless, regarded by a few as a perversion of the original purpose of trade unionism leading to undue stress upon beneficiary and friendly relief at the expense of trade protection.[55]

---

[53] Machinists' Journal, July, 1901, Vol. XIII, p. 470.

[54] The following is an extract from the report of the financier of the Iron Molders' Union, for the term ending July 7, 1902: "We have a class of members who keep up their standing as beneficial members and who are afflicted with disorders, the nature of which makes them an annual charge upon the Sick Benefit Fund to the extent of a year's benefits. For example, we have members afflicted with insanity, who are confined in asylums or sanitariums and who draw annually their $65 in sick benefits. There are others that are afflicted with chronic disorders, which precludes the possibility of their working at the trade, and they, too, draw the limit of their sick benefits. Our records show that the number of these pensioners is on the increase"; see Officers' Reports and Proceedings of the Twenty-second Session of the Iron Molders' Union (1902), p. 647. See also Proceedings of Eighth Biennial Convention of the Brotherhood of Painters and Decorators of America, p. 62, and Retail Clerks' Advocate, August, 1903, p. 31.

[55] This is the opinion expressed by Ex-President Martin Fox of the Iron Molders' Union to the convention of Iron Molders held in Chicago in 1895; see Proceedings of the Twentieth Session of the Iron Molders' Union, p. 18.

CHAPTER III.

GENERAL EXPENDITURE.

The disbursements of trade unions for administrative and miscellaneous purposes are usually classed as general expenditures. They include, besides the ordinary charges of administration and office management, the cost of "organizing" and mediation, the expenses of printing and publishing and the cost of conventions and conferences. As a rule, disbursements for these purposes vary but slightly from year to year, and fiscal preparation therefor is an easier matter than for strike and beneficiary expenditures.

The portion of income devoted in each union to the payment of these items depends largely upon the character and scope of its activities and the extent to which its administrative system has been developed. In loosely organized unions such as the Bricklayers' and Masons' International Union, the International Printing Pressmen and Assistants' Union, the Journeymen Horseshoers' International Union and the National Association of Stationary Engineers, in which the functions of the central office are limited, expenses of this character are comparatively small. For example, the International Association of Steam Engineers—a loosely organized union composed of about four hundred locals with 16,000 members, expended but $8048.85 during the year ending September, 1903, for all administrative and miscellaneous purposes.[1] Similarly, the 'Longshoremen and Transport Workers' Association with a membership of over 50,000 during the year 1904 paid out in official expenses of all kinds but $21,348.40,[2] more than half of which was for officers' salaries and travelling expenses.

[1] Steam Engineer, October, 1903, pp. 6–7.

[2] Proceedings of the Thirteenth Annual Convention of the International 'Longshoremen and Transport Workers' Association, pp. 138–139. This union grants neither strike nor beneficiary relief to its members.

In more highly developed organizations, the cost of operation is much heavier. Thus, in the Iron Molders' Union, charges of this character are met from a fund supported by a monthly tax of twelve and a half cents on each member, while the sums expended for these purposes by the International Typographical Union, the Glass Bottle Blowers' Association, and the International Association of Machinists are proportionately large.

Generally speaking, however, whatever may be the activities and functions of the national union, the expenses of operation and the cost of management of American trade unions are small per capita. The entire official expenses of the Iron Molders' Union, during 1904, for instance, aggregated but $74,586.97, which represents an expenditure of slightly less than one dollar per member. This amount covers all ordinary administrative expenses, in fact, all expenditures other than the disbursements of the local branches for local purposes, and the payments for strike and beneficiary relief.[3] The expenditure of the International Association of Machinists, for all purposes other than strikes and benefits, though heavier than in the Iron Molders' Union, is a small part of the total expenditures, about ten thousand dollars per month being ordinarily expended.

In smaller national unions, the cost of maintaining the organizations, estimated on a per capita basis, is greater than in the large unions. The Leather Workers on Horse Goods, for example, an organization having a membership of only one-tenth that of the Iron Molders or the Machinists, but whose functions and activities are of the same character, disbursed for administrative and aggressive purposes during the year ending May 30, 1904, $26,175.20,

[3] Taking the case of the Cigar Makers' International Union as illustrating the expenditures of both the locals and the union for purposes other than strikes and benefits, we find that during 1903, $224,482.61, or 36.3 per cent of the total expenditures was disbursed for organizing, agitation, litigation, hall rent, salaries, printing and office expenses, in all representing a cost to the membership for maintaining the organization equal to about $5.50 per member.

a sum slightly exceeding one-third of the total expenditure and equal to about $4 per member.[4] The running expenses of the Pattern Makers' League, whose aggregate membership does not number more than 4000, is still higher, exceeding all other disbursements (including strike, sick, and death beneficiary expenditure) together.[5] The smaller the union, the higher proportionately is the expense of its maintenance.

To illustrate more fully the nature of the expenditures incurred in the operation and management of trade unions, we shall examine the principal items in detail.

Expenses of Organizing, Mediation and Agitation.— Recognizing that numerical strength and efficient discipline are essential both to stability and success, American trade unions expend large sums annually in systematic efforts to extend and strengthen their jurisdiction over the workers of their respective crafts. The method long employed to accomplish these aims has been the sending out of union officers known as "organizers," to travel over the country in the interest of the organization, promulgating its principles, instituting new local branches, settling disputes with employers and otherwise adjusting matters pertaining to the trade. In a large number of unions these duties are performed chiefly by the president or the vice presidents, while in others, the work is either given over to special officers or is left wholly in the hands of local agents.[6]

The expenses involved in organizing proper is largely determined by the nature of the craft and by the age of the

[4] Leather Workers' Journal, July, 1904.
[5] Pattern Makers' Journal, July, 1902, p. 32.
[6] The ordinary duties of the organizers are stated in the following extract from the constitution of the Boot and Shoe Workers' Union (1902), sec. 27: "All organizers shall be subject to the direction of the General President and shall work promulgating the principles of the Boot and Shoe Workers' Union by means of personal interviews with boot and shoe workers, distributing literature, promoting the sale of union label goods, addressing meetings, organizing new locals and installing the officers. They shall perform such other duties as this constitution may prescribe or as the General President or the General Executive Board may direct."

union. In unskilled trades where there is a large non-union element competing directly with the members of the union, more active and persistent efforts in "organizing" are required than in the more highly skilled crafts, which are comparatively free from non-union competition. Thus, neither the Granite Cutters' Union, the Glass Bottle Blowers' Association, nor the Bricklayers' and Masons' International Union, all of which for a number of years have practically controlled the labor supply of their respective crafts, employ their officers actively in the work of extending their jurisdiction, whereas, the Retail Clerks' Protective Association, the Amalgamated Meat Cutters and Butchers' Workmen, the United Mine Workers and others, composed largely of unskilled workmen, employ special salaried officers and expend large sums annually for this purpose.

The Iron Molders' Union was the first American labor organization to actively employ its officers as propagandists. In 1864 the general convention voted the president a salary of $600 per year and ordered him to devote the greater part of his time to visiting localities where the number of non-union molders was sufficient to form a local branch. His success along these lines during the years following led to an increase in his salary, permitting him to devote all his energies to the work. In 1888 the vice president of the union was also given a salary and made assistant organizer. Thereafter, as the union grew larger and richer, the number of vice presidents employed as assistant organizers was gradually increased until at present there are five organizers in the Iron Molders' Union, including the president, whose salaries and expenses aggregate each year $16,000. Despite the fact that the union effectively controls the iron molding industry and has over four hundred local branches, the expenses of the organizers is steadily increasing. Their duties have been extended until at present they are largely engaged in the work of collective bargaining as expert agents of the national union. This enlargement of function has grown out of the responsibilities assumed by the national organizations

for the support of local strikes. With the creation of a national defense fund, it became desirable on the score of economy to avoid unnecessary conflicts by employing skilled negotiators to treat directly with employers and to personally adjust local grievances. Accordingly, the organizers being the most efficient officers in the union, have undertaken this work. Through their labors, a large saving in strike expenditure is effected, which, together with the increase in revenue from the dues of the new members gained through their efforts, greatly exceeds their cost to the organization.

A similar expansion in the function of the "organizer" from a propagandist to a mediator and arbitrator has taken place in the International Typographical Union. In 1885 when the office of "chief organizer" was first created with a salary of $1500 per year and $1000 additional for travelling expenses, the duties of the incumbent were limited to the organization of new local unions. After the trade became more thoroughly unionized, however, extensive work of this kind was not required. Accordingly, with the institution of the defense fund in 1890, the work of the organizer was shifted almost entirely to that of collective bargaining. The cost of this work is steadily growing, whereas the amount expended for mere organizing is very small. Thus, of the total expenditures from the defense fund amounting to $73,420.26 during the year ending May 31, 1904, $16,765.24 was in payment for services and expenses of officers and organizers. Of this latter sum, but $1,061 was incurred in the actual expenses of organizing work (i. e., the organizing of the new locals), the remainder being spent in adjusting grievances.[1]

Similarly, in other well organized unions, such as the Cigar Makers, the Bricklayers and Masons, and the Glass Bottle Blowers, whose jurisdictions extend over almost every locality containing workmen of their respective crafts,

[1] Proceedings of the Fifteenth Session of the International Typographical Union (1904), p. 34.

the money formerly spent for purely organizing purposes, is now profitably devoted to purposes of mediation and collective bargaining. The Bricklayers and Masons during 1903 spent over $5000 for the employment of "special deputies" to adjust difficulties with employers, while the total expense involved in organizing new local unions amounted to but $1597.03.[8]

However, in the more recently organized unions which have not yet extended into all sections of the country, the cost of adding new local unions is a large item of expense. Such unions generally follow the policy of keeping a force of organizers continually in the field for the purpose of gaining new adherents. The United Mine Workers of America is a type of this class of unions. Composed of various grades of skilled and unskilled laborers, whose attachment to unionism fluctuates with the condition of the industry, the executive officers have adopted the policy of expending a large portion of the union's funds in the effort to gain new members. During 1899, $42,682.93 was thus expended, an amount equal to $1.15 for each new recruit brought in to the organization. The next year $62,284.44 was paid out, at an average cost of $.63 for each new member, but with the resultant growth of over 100 per cent in the total membership.[9] After the anthracite strike of 1902, the efforts of the United Mine Workers to organize the industry were on a still larger scale, the cost during 1903 exceeding one hundred thousand dollars.[10]

The Boot and Shoe Workers' Union since 1899 has maintained a policy of propaganda and agitation somewhat similar

[8] Thirty-eighth Annual Report of the President and Secretary of the Bricklayers' International Union, for term ending December 1, 1903, p. 510.

[9] Minutes of the Twelfth Session of the United Mine Workers of America (1901), p. 41.

[10] Minutes of the Fourteenth Convention, p. 64, and Fifteenth Convention, p. 125. In 1903 a separate administrative department, known as the "Department of Organization" was formed at the national headquarters of the union, under the direction of a national vice-president.

to that of the United Mine Workers, spending large sums each year in the employment of a number of skilled organizers and business agents.[11] Largely through the efforts of the officers, the union has grown from a small poverty-stricken union of less than 5000 members to a great organization composed of 400 locals, whose aggregate membership exceeds 70,000. The Retail Clerks' International Protective Association is following a similar policy on a smaller scale, having three organizers and a number of local business agents in the field. The cost to the union during the year ending June 30, 1903, amounted to about $15,000.[12]

The International Association of Machinists besides employing its five vice presidents as active organizers and mediators has adopted since 1899 the practice of paying half of the expenses of the local officers and business agents, who aid directly in this work.[13] Although this step has proven costly,[14] it is, nevertheless, regarded by the Machinists as a highly profitable investment, "for in nearly every instance," states President O'Connell in his report for 1903, "where a business agent is in the field our organization is active, energetic, and our membership has been at least permanent, if it did not show signs of increase."[15] The cost of these local business agents, together with the salaries and expenses of the international officers who act as organizers and mediators, has, during the last few years, averaged $35,000 annually.

A number of smaller unions, owing either to their small membership or to the fact that the workmen of their craft

[11] During 1904 the union had in the field twelve salaried organizers and sixteen business agents.

[12] Retail Clerks' Advocate, August, 1903, p. 31.

[13] The Iron Molders' Union follows a somewhat similar policy in subsidizing local conference boards composed of the business agents of local branches situated in one city or district; see Constitution and rules of the Iron Molders' Union (1902), Art. XX.

[14] During 1903 there were thirty of these business agents employed at an average monthly cost to the international union of about $1,300; see Machinists' Journal, Vol. XV, p. 398.

[15] Machinists' Journal, Vol. XV, p. 498.

are scattered, do not find it profitable to keep salaried organizers in the field, but resort to less costly means of extending their jurisdiction, such as the distribution of union literature or the payment of fees and bonuses to the organizers commissioned by the American Federation of Labor.[16] Even when travelling organizers are employed, considerable reliance is placed upon the efforts of the agents of the American Federation and the dissemination of propagandist literature. Thus, the International Union of Steam Engineers, though having five national and a number of local organizers in the field, distributed during 1903 over one hundred and fifty thousand pieces[17] of literature among non-union workmen in the trade. The Shirt Waist and Laundry Workers, with a total membership of less than 7000 also follow this plan, although the president and two other paid officers performed the services of organizers during 1904 at a cost of $3415.94.[18]

The advertisement of the label is an expenditure which may properly be classed as an organizing charge. Since the adoption of an emblem in 1880 by the Cigar Makers to designate the product of their members, other national unions, where this method of promoting trade interests was found profitable and expedient, have followed suit. The United Hatters of America adopted a label in 1885, the United Garment Workers and the International Typographical Union in 1891, and the Boot and Shoe Workers in 1895. These, together with the Cigar Makers,

[16] The American Federation of Labor maintains a corps of both salaried and volunteer organizers—men whose duty it is to aid in the "unionizing" of unorganized workmen, wherever a sufficient number of one trade can be found to form a local organization. During 1902 there were fifteen salaried organizers permanently engaged in the work for the year, while thirty-nine others devoted from one to six months to the work. The cost of these together with the expenses of the volunteer organizers aggregated $36,217.75; see Report of the Proceedings of the Twenty-second Annual Convention of the American Federation of Labor (1902), p. 17.

[17] The International Steam Engineer, October, 1904, p. 383.

[18] Official Journal of the Shirt Waist and Laundry Workers' Union, August, 1904, p. 14.

spend the largest sums for advertising and label agitation purposes. The Cigar Makers' International Union, in addition to special funds raised and expended independently by the local unions,[19] has disbursed annually since 1893 for label agitation, exclusive of the cost of the labels and the expense of protection against counterfeit and fraud, the following amounts:

1894	$24,528.10	1899	$28,440.16
1895	26,306.12	1900	31,383.67
1896	22,699.88	1901	38,563.85
1897	25,363.36	1902	39,394.27
1898	27,379.71	1904	44,339.82

The Boot and Shoe Workers' Union and the United Garment Workers have gone to even greater expense in soliciting public patronage. The latter, from 1899 to 1904, paid out in newspaper, magazine and similar forms of advertising more than $50,000 annually, while the former, in addition to the union stamp agitation conducted by the organizers, employs a number of advertising agents in the work. Exclusive of the salaries paid these agents, the cost of advertising the union stamp of the Boot and Shoe Workers from June 1, 1902, to January 7, 1904, amounted to $31,266.09.[20]

Salaries and the Expenses of Business Management.—What may be called the purely administrative expenses or cost of business management in American trade unions consists chiefly of salaries and clerk hire, and ordinary office expenditures for rent, printing, postage, and supplies. The amount expended for such purely administrative purposes in the leading national organizations is a very small percentage of the total income. This is illustrated in the

[19] The local unions are authorized to levy special assessments upon their members for the purpose of advertising the label in their respective localities. The aggregate amount thus expended is estimated to exceed that paid out from the general funds of the organization.

[20] Report of the Secretary-Treasurer, in the Proceedings of the Sixth Convention of the Boot and Shoe Workers' Union (1904), p. 11.

following table giving the cost of the office management and the total receipts in five representative unions:

COST OF BUSINESS MANAGEMENT.

UNION.	PERIOD.	EXPENSES.[1]	TOTAL RECEIPTS.	PER CENT. OF TOTAL RECEIPTS.
Cigar Makers' International Union	1903	$31,775.00	$751,942.56	4.2
Iron Molders' Union	1899–1902	26,439.00	562,570.45	4.6
Brotherhood of Carpenters	1903–1904[2]	30,725.33	620,101.56	4.9
International Association of Machinists	1903–1904[3]	212,902.29	338,885.67	6.7
International Typographical Union	1904	21,924.47	252,817.38	8.7

[1] In this are included the salaries of officers, clerk hire, the pay of auditors and expert accountants, rent, and expenditures for office equipment, stationery, postage and ordinary printing expenses exclusive of the cost of publishing the journals.

[2] 18 months. [3] 14 months.

It will be observed that in these five unions which have developed extensive activities, both protective and benevolent, the expenses of management form a very small part of the total income. In the less highly developed organizations, whose functions and activities are not so extensive, the proportion is naturally greater.[21] In some organizations almost the entire income of the national union is devoted to administrative purposes.

The salaries of the managing officers, though forming a considerable item in administrative expenditures are moderate. In a large number of unions the salaries of the general officers are determined by the financial condition of the organization rather than by the nature and extent of their duties. The honor system of remuneration long prevalent in the British unions seems to be in vogue on this continent

[21] For example, during the two years ending June 30, 1903, the expenses of business management of the Retail Clerks' Protective Association aggregated $16,700, or about one-fourth of the total income from all sources.

to some extent, since in a number of minor organizations the officers receive but small allowances and must consequently work at their trade to maintain themselves.

The system of paying officers for only a part of their time was uniformly followed by the older American organizations during their early history. Having few functions and meagre incomes such unions could ill afford to employ a salaried administrative staff. Three chief officers appointed to take charge of the affairs of the organization during the intervals between the yearly conventions, viz., the president, the secretary and the treasurer, were each paid an amount merely sufficient to compensate them for the time occupied in the performance of their duties.

SALARY EXPENDITURES IN THE INTERNATIONAL TYPOGRAPHICAL UNION[1] (1867–1885).

YEAR.	SALARY EXPENSE.	MEMBERSHIP.	PER CAPITA COST.
1867–68	$ 675.00	6,095	$ .11
1868–69	575.00	7,563	.07
1869–70	800.00	7,657	.10
1870–71	800.00	8,725	.09
1871–72	1,500.00	8,724	.17
1872–73	1,300.00	9,797	.13
1873–74	1,050.00	9,819	.10
1874–75	1,050.00	9,245	.11
1875–76	1,050.00	8,624	.12
1876–77	700.00	6,900	.10
1877–78	700.00	4,260	.16
1878–79	700.00	5,968	.11
1879–80	850.00	6,601	.12
1880–81	850.00	6,500	.12
1881–82	1,000.00	9,500	.10
1882–83	1,150.00	12,273	.09
1883–84	1,125.00	16,038	.07
1884–85	3,832.00	18,000[2]	.18

[1] Proceedings of the Thirty third Annual Session of the International Typographical Union, p. 42.

[2] Includes salary and expenses of the chief organizer.

The International Typographical Union, for example, did not begin to pay the general officers having charge of the administration of the organization salaries sufficient to afford

them a livelihood until about 1885,—more than three decades after its formation and at a time when its membership exceeded 16,000. Previously, the total yearly expenditure for salaries, as shown in the table on page 111, rarely amounted to over one thousand dollars. The Cigar Makers' International Union was even more conservative in the matter of compensating officers than the Typographical Union; for as late as 1880, when the organization had already inaugurated a system of high dues and benefits, the international president who had been granted the sum of $250 for his services during the year issued a written protest to the membership demanding "in justice to himself and to the principles advocated by trade unions, payment for labor performed."[22]

The establishment of permanent headquarters has usually been marked by an increase in the compensation of the officers. In consequence of this step, it becomes necessary for some official to take charge of the office management and to attend to the daily business details of the organization. These duties, in nearly all unions, naturally devolve upon the secretary or secretary-treasurer. This officer is generally the first to be granted "a living salary." With the broadening scope and activities of the union, other executive officers are also granted compensation proportionate to their duties and responsibilities.

The amount of compensation granted the officers, in almost every case, is governed by the financial standing of the union, the larger and better equipped organizations paying larger salaries than the poorer ones. The standard of earnings in the trade is a smaller factor, although no organization could expect a leader to devote all his time to its interests, and to accept a smaller compensation in return for his services than could be earned at the trade. In unions where one person acts as both secretary and treasurer, and in addition is a member of the executive committee, or editor

[22] Report of the President to the Thirteenth Convention of the Cigar Makers (Cigar Makers' Journal, October 10, 1880).

of the official organ, his remuneration is generally larger than when these duties and responsibilities are less onerous. For example, in the International Typographical Union, the secretary-treasurer, who is a member of the executive council and also editor of the Typographical Journal, receives $1800 per year—a compensation equal to that of the international president; whereas, the secretary of the Iron Molders' Union, which has a larger membership and superior fiscal resources, but which has in addition two other responsible financial officers and also a journal editor, receives but $1400 per year. On the other hand, the president of the Cigar Makers, who is also secretary and editor, receives but thirty dollars per week, in spite of the fact that the union has over forty thousand members and a surplus reserve of over a half million dollars.

The highest salaries are paid by the great railroad brotherhoods, the Locomotive Engineers, the Locomotive Firemen, and the Railway Conductors. The executive officer in each of these receives $5000 per year, and other officers are compensated accordingly. The ordinary trade unions barely approach half this figure.

The following table gives the yearly salaries of the presidents and secretaries in ten representative unions:

UNION.	PRESIDENT'S SALARY.	SECRETARY'S SALARY.
United Mine Workers	$3,000.00	$2,400.00
Glass Bottle Blowers	2,400.00	1,800.00
United Brotherhood of Carpenters	2,000.00	1,800.00
International Typographical Union	1,800.00	1,800.00
Bricklayers and Masons	1,600.00	1,800.00
Iron Molders' Union	1,500.00	1,400.00
Cigar Makers' International Union	1,560.00	.....
United Assoc. of Plumbers	1,500.00	1,500.00
Inter. Assoc. of Machinists	1,200.00	1,500.00
Retail Clerks	1,500.00	1,500.00

It will be noticed that of these unions, two pay the secretary a larger salary than the president, three others give

equal compensation, while four give the president the larger sum, the difference, however, not exceeding six hundred dollars in any instance. Where the president is given a salary equal to that of the secretary-treasurer, he usually serves in other capacities than that of a mere presiding officer. We have seen that in a number of unions, he is "chief organizer," giving up a large part of his time to promoting the interests of the organization or endeavoring to settle disputes or grievances. When performing these duties, his salary and expense account, therefore, may properly be included under the head of "organizing" and agitation expenses.

Several of the older unions and a large number of the minor organizations still adhere to the original method of compensating all executive officers whose duties do not require their full time, by a per diem allowance for actual services. Thus, neither the Journeymen Stone Cutters' Association, the Journeymen Horseshoers, the Sheet Metal Workers' Association, nor the Printing Pressmens' International Union, which rank among the largest national unions, pay their chief executives a fixed yearly salary, but instead compensate them according to the number of days they have devoted to their duties. Members of the executive board, auditors, arbitrators, and committeemen are in most unions paid in the same manner. The rate of pay is apportioned to the standard rate of wages in the trade, though the disposition is to make it somewhat higher, so as to offset the inconvenience and extra expense involved in such duties. In the Iron Molders' Union, members of the general executive board, not already receiving a fixed salary, are granted a per diem allowance of six dollars while in attendance at meetings, in addition to their mileage expenses. The constitutions of the Granite Cutters, the Stone Cutters and the Marble Workers also fix the pay of executive board members at two dollars to two dollars and fifty cents per day above the current rate of wages. In other unions, the rate is somewhat lower. The Machinists, the United Mine

Workers, and the Coal Hoisting Engineers allow four dollars, while the Blacksmiths, the Carworkers, and the Table Knife Grinders allow but three dollars per day.

Travelling expenses are invariably paid by the unions, and these considerable allowances tend to make the expenses of conferences, committee and executive board meetings an appreciable item in the administrative budget. The Carpenters, for instance, spent over $11,000 for executive board meetings alone during the two years ending June 1, 1904;[23] while in the Bricklayers' and Masons' Union and in the Iron Molders' Union the expenses are large. Such additional costs of office management as clerk hire, rent and office equipment are much the same as in ordinary business firms or corporations and therefore require no comment.

Postage and printing are heavy items in the cost of trade-union business management. Continual communication maintained between the central office and the local branches together with the printing and distribution of the convention proceedings, printed reports, circulars and other notices involve a large expenditure. In unions whose activities do not include the payment of strike or beneficiary relief on a large scale, the expenditures for these purposes often consume a larger share of their funds than any other single item.[24] For example, the printing account in 1902 of the Shirt, Waist and Laundry Workers amounted to $2,422.70, almost one-third of their total expenditure.[25] Similarly, in the Retail Clerks' Protective Association, out of an aggregate expenditure of $68,894.45, more than $18,000 was devoted to printing and postage.[26] The disbursements of

[23] Proceedings of the Thirteenth General Convention of the United Brotherhood of Carpenters and Joiners (1904), p. 99.

[24] The cost of printing constitutions and convention proceedings exceeded, in the early American national unions, all other items of expenditures combined.

[25] Proceedings of the Third Annual Convention of the Shirt, Waist and Laundry Workers' International Union (1902), p. 11.

[26] Retail Clerks' Advocate, August, 1904, p. 31.

the larger unions for these purposes is relatively less than in the smaller organizations. Thus, during the year 1904, the ordinary printing expenses of the International Typographical Union, and the Bricklayers' and Masons' International Union amounted in each to slightly over six thousand dollars.[27]

The cost of publishing an official organ either in the form of a weekly or monthly journal may be considered a usual item of trade-union expenditure. Beginning with the appearance of the *International Journal* of the Iron Molders' Union in 1864, these publications have multiplied in number until to-day almost every American national union having a membership of above five thousand publishes a periodical of some kind to serve as means of communication between the membership. In the early days, the expense of printing and distributing these publications bore heavily upon the unions, since only a small number of paid subscriptions were received, and income from advertising was inconsiderable. Thus, ten issues of the *International Journal* of the Iron Molders' Union during 1866, aggregating in all 73,000 copies, cost the union $7,702.25 or about ten cents for each copy. The total received from subscriptions was but $120. During the first year of the publication of the *Cigar Makers' Journal* begun in 1875, the expense was equally burdensome, amounting at times to almost one-half of the general expenditure of the union.

Later, however, increased membership and the practice of making the price of the journal a compulsory tax upon each member, have largely augmented the income from subscriptions. The income from advertising has increased proportionately. At present the leading organizations publish magazines of from twenty to seventy-five pages, in excellent typographical style, and containing, besides official

[27] After the publication of an official organ, much of the expense of printing and distributing special notices and separate reports of proceedings, etc., is avoided by inserting such matter in the regular monthly issues.

notices and reports, articles of general interest to the trade. Several of the large organizations, notably the railway brotherhoods, the Iron Molders' Union, the Machinists, the Mine Workers, and the Steam Engineers, employ salaried editors, who devote their whole time to their duties. Even with these improvements, the total cost of the journal in some cases is exceeded by the receipts for subscriptions[28] and advertisements, while in others the income from these sources meets only a part of the expense of the publication. The following table gives the receipts and expenditures for the journals in nine leading unions:

UNION.	JOURNAL RECEIPTS.	JOURNAL EXPENDITURES.	NET COST.
International Union of Steam Engineers.	$44,227.81	$23,015.21	$21,212.60 [1]
International Typographical Union	31,316.78	28,511.75	2,805.03 [1]
American Federation of Labor.....	32,639.89	30,669.92	1,939.97 [1]
Iron Molders' Union [3]	22,085.22	33,625.41	11,540.19
Brotherhood of Carpenters and Joiners [2].	2,819.36	12,600.53	9,781.17
Boot and Shoe Workers' Union [4].....	4,071.83	25,200.68	21,128.85
International Association of Machinists [2].	4,503.75	40,060.78	35,557.03
Brotherhood of Railroad Conductors...	2,936.30	19,966.95	17,030.63
Leather Workers on Horse Goods [2].....	48.10	5,062.85 [5]	5,014.75

[1] Profit.
[2] No subscription price charged members.
[3] Three years.
[4] 18 months.
[5] Includes cost of other printing.

From this table it can be seen that only a few of the unions realize a profit from the publication of an official journal, while the net cost to the others varies considerably. The best paying publication is the *Steam Engineer*, a monthly magazine started by the International Union of

[28] The subscription price varies from twenty-five cents per annum in the Iron Molders' Union to $1.00 in the Brotherhood of Railway Conductors. A few national unions, however, furnish journals to members free of charge. In such cases it is necessary for the central office to forward the copies to locals by express to be distributed, instead of through the mails, since the post-office rules require a list of paid subscribers for periodicals entered as second class matter.

Steam Engineers in June, 1902, more as a money-making enterprise than as an official mouth piece of the organization. At present each issue contains an average of fifty pages of paid advertising and an equal amount of reading matter.[29] Other organizations do not go so far in making the publication of their official organ a business enterprise, and hence gain no material profit from this source. Several unions, notably the Cigar Makers and the Leather Workers on Horse Goods, insert no advertising matter whatever in the pages of their journals and charge no subscription price to members. The United Mine Workers, the Amalgamated Iron, Steel and Tin Workers and the United Garment Workers publish weekly journals in newspaper form, which both because of their wider circulation among the members and the lower cost of publication are usually profitable.[30]

Convention Expenses.—The holding of conventions has always been a burdensome charge to American trade unions. Originally assembled at annual or biennial intervals, they entailed expenditures for mileage and per diem expenses of delegates which at times exceeded in amount the disbursements of the union for defensive purposes. Of late years, however, owing to the growing practice of lengthening the periods between the sessions and the wider use of the initiative and referendum in matters requiring legislative action, the expense has become less burdensome than formerly.

With but a few notable exceptions, the American national trade unions have followed the plan of requiring each local branch to bear the expense of its delegates to the general

[29] In addition to a salaried editor, several advertising solicitors are employed on commission. Thus, for the year ending October, 1904, $2,563.32 was paid out in commissions to these advertising solicitors; see the International Steam Engineer, October 15, 1904.

[30] The expense of publication is enhanced in a number of organizations by the necessity of inserting items in foreign languages. This not only involves extra charges for printing and translating, but in some cases requires also the employment of additional editorial force.

convention, the general treasury merely paying the expenses of the national officers, the cost of printing the proceedings, and other incidental charges. The excessive expense thus entailed on many local unions is, however, a matter of concern to the national union. Moreover, the system almost inevitably results in unequal representation of the local branches. Large locals, financially strong and desirous of having a full representation in general council of the national union, send full delegations while the smaller locals, unwilling to bear the expense, are frequently unrepresented.[81] Partly to avoid this evil and partly as a result of financial centralization, a few of the older national unions have assumed the entire burden of convention expenses, paying both travelling expenses and a per diem to the delegates. The Iron Molders' Union took this step shortly after its organization and has since kept up the practice. The Cigar Makers' International Union, the Granite Cutters' Union, the Leather Workers on Horse Goods, the Piano and Organ Workers, and the United Association of Plumbers have likewise adopted the plan, while a number of organizations, notably the Brotherhood of Boiler Makers, the United Mine Workers, the Journeymen Barbers, and the International Brotherhood of Bookbinders, pay from the national funds the travelling expenses of the delegates.

But whether the burden falls upon the locals, or upon the national organization, the unions aim to lessen the expense as far as possible, first by holding fewer conventions, and secondly, by reducing the number of delegates and shortening the duration of the sessions.

In newly organized national unions especially those having a federate character, unity and harmony in the trade demands the frequent holding of conventions. The older unions, on the contrary, have clearly defined their trade

[81] Proceedings of the Sixth Session of the Bricklayers' and Masons' National Union (1871), p. 10; Machinists' Journal, 1897, Vol. IX, 221.

policies and have become more stable in character. Fewer constitutional changes are required by them and important matters relating to their welfare are often left to the decision of executive officials instead of being referred to a general convention. The convention, accordingly, loses much of its former significance as the unions advance in age. In a large number of the older national unions, where the necessity of economy is apparent, general assemblies of local delegates are held only at long intervals or when demanded by extraordinary circumstances. Thus, the Granite Cutters' Union has held no general convention since 1880; the German-American Typographia since 1884; and the Cigar Makers' International Union since 1896. The Stone Cutters' Association has held but two conventions during the last ten years and the Iron Molders three, although both formerly convened at regular biennial intervals. On the other hand, the International Typographical Union and the Bricklayers and Masons' Union, though among the oldest of the national unions, still retain the annual sessions, despite the heavy expense entailed thereby upon the locals.[32]

Probably the chief reason for the abandonment of frequent regular conventions is the wider use by the unions of the initiative and referendum as a means of determining constitutional changes and questions of trade policy. Although the general introduction of the imitative and referendum may be ascribed more to other causes, the saving thus made possible is, nevertheless, frequently an important factor.[33] While in organizations of the size of the Cigar Makers and the Iron Molders, the total cost of each convention is from $30,000 to $50,000 the extra charges

[32] In both these unions, however, efforts have been made to lengthen the period between conventions; see Proceedings of the Twenty-fifth Session of the International Typographical Union, p. 20; also Report of the International President to the Forty-sixth Session, p. 72.

[33] Proceedings of the Fourteenth Convention of the Unied Association of Plumbers, etc. (1904), p. 43.

arising from the use of the initiative and the referendum rarely exceeds a thousand dollars.[84]

Many unions, retaining the frequent regular convention, have reduced the cost of the session by the adoption of measures which shorten the sessions. Thus it is frequently provided that the officers shall be elected by referendum vote instead of by the delegates assembled in convention. In this way a protraction of the session is avoided.[85] Another measure of the same character is the requirement that proposed constitutional amendments and resolutions shall be submitted to a revision committee that meets and deliberates previous to the convention. Much time is thus saved that might otherwise be consumed in debates over measures not directly affecting the welfare of the trade or organization.

A reduction in the number of representatives is a further means of lessening the cost of conventions. In organizations of the type of the Cigar Makers, the Carpenters, and the Machinists, comprising from five hundred to seven hundred separate local bodies, composed of from 15 to 500 members, if the representation were apportioned so as to give the smallest locals one delegate and the larger, a quota proportional to their size, not only would the expense occasioned be enormous, but the assembly itself would be so large as to become unwieldy. To avoid these difficulties, the leading national organizations have enacted provisions tending to lessen the number of convention delegates. The Cigar Makers, for example, require all locals having less than

[84] This low cost is made possible by using the official journal as the instrument through which a question is submitted to a general vote.

[85] See the Report of Fourteenth Convention of the United Association of Journeymen Plumbers. This system of election was introduced by the Cigar Makers in 1893. It proved somewhat expensive, at first, the cost aggregating $11,663.65. Later elections have involved much less expense. that of 1901 costing only $3,000. In other national unions following the plan, the cost has not been so great as in the Cigar Makers. The cost in the Boot and Shoe Workers in 1902 amounted to but $1,139.05; see Proceedings of the Sixth General Convention of the Boot and Shoe Workers' Union, p. 33.

twenty-five members to combine with another of a similarly small membership, in electing a representative.[36] The International Typographical Union, permits subordinate unions, with a membership of less than one hundred, to join with another local, in the selection of a delegate. It is the practice of a number of unions to have the small locals represented by proxy and to permit a large local sending one delegate to have its full quota of votes.[37]

In spite of these measures, however, the cost of conventions still weighs heavily upon most American trade unions. Thus, the Toronto Convention of the Iron Molders' Union held in July, 1902, involved an expense in mileage and per diem allowance alone of $50,650.72, or an expenditure of about one dollar for each member of the union. The last convention of the Cigar Makers' International Union, held in 1896, cost the union more than $30,000. The cost of the annual sessions of the International Typographical Union, the United Mine Workers and the Bricklayers' and Masons' Union, although falling chiefly upon the separate branches, is an equally heavy burden.[38] That the money thus spent could be used to better advantage for other purposes is gradually being recognized by the unions. A large number have already abandoned the plan of holding regular sessions, and leave the question of holding conventions to be decided by a vote of the membership.[39]

---

[36] Constitution of the Cigar Makers' International Union (1896), Thirteenth Edition, sec. 4.

[37] Book of Laws of the International Typographical Union (1904), Constitution, Art. IV.

[38] See, for instance, the Report of the International President to the Forty-sixth Session of the International Typographical Union (1900), p. 72.

[39] The national unions now pursuing this policy are the Brotherhood of Boiler Makers and Iron Shipbuilders, the International Association of Machinists, the Iron Molders' Union, the Pattern Makers' League, the Journeymen Tailors' Union and the Cigar Makers' International Union.

PART III.

ADMINISTRATION.

CHAPTER I.

ADMINISTRATION.

In the preceding chapters we have seen how American national trade unions, originating as loose associations of pre-existing local bodies with limited activities and scanty revenue have in many cases gradually developed into large centralized organizations conducting numerous and complex operations and collecting and expending annually large sums of money. Improvement in fiscal administration has gone hand in hand with this process of organic development. An administrative machinery, adapted to the peculiar needs of trade union structure, has been gradually built up, and is now in operation in many of the leading unions. The progress made in this respect, though varying according to the purpose and structure of each organization, may be conveniently described under three heads, (1) better provisions for an administrative staff, (2) safeguarding of union funds, and (3) improvement in the fiscal administration and discipline of the local unions.

In the formative period of national trade organizations slight provision was required for an administrative staff. National officers, it is true, such as president, secretary, and treasurer, were regularly elected and the duties of each defined in the written constitutions, but since no adequate compensation was afforded them and no permanent headquarters provided where they could jointly perform their labors, business management was necessarily crude and de-

fective. Each officer generally made his headquarters at his own home, working independently of his colleagues, and devoting only such time to his duties as could be spared from his daily labors at the trade. Such a loose system of business management was in vogue in the International Typographical Union from its formation in 1850 down to the year 1887, when the organization already numbered twenty thousand members. The Iron Molders' Union, though more active and energetic than the Typographical Union, was hardly more progressive in securing efficiency of business management. It was not until 1886, almost twenty-five years after its formation, that a permanent central office was established in Cincinnati and a salaried secretary was placed in charge. The progress along the same lines made by the Cigar Makers' International Union, the Stone Cutters' Association, the Bricklayers' and Masons' International Union, and the Journeymen Horseshoers' Union was likewise exceedingly slow. In fact, the Bricklayers and Masons, though organized in 1864, did not until 1904[1] establish permanent headquarters. Theretofore, it had been the practice for each of the executive officers (i. e., the president, the secretary, and the treasurer) to maintain separate headquarters in the cities where they happened to reside,[2] coming together for conference or joint action only on special occasions.

The system of lax administration commonly prevailing in national trade organizations during their formative stages is a necessary consequence of their financial poverty. As their revenues grow larger and their fiscal organization improves, responsible officers, devoting their whole time to their duties, are employed at a compensation corresponding

[1] At that time the Bricklayers' and Masons' International Union was composed of more than six hundred local organizations having an aggregate membership exceeding 70,000.

[2] This system of administration has been found to be more costly than that of having the officers reside in one locality and work together in one office; see Report of the President and Secretary of the Bricklayers' and Masons' Union (1903), pp. 505–506.

to the nature of their duties. At the same time, permanent central headquarters are established and equipped for business administration. These steps almost invariably mark the beginning of progress and improvement in financial organization and administrative discipline.

The combination of the offices of secretary and treasurer was a further step taken by several of the earlier national unions tending to promote efficiency in fiscal administration. By thus unifying the fiscal machinery, delays in the transaction of business are avoided and at the same time a saving in salaries is accomplished. The International Typographical Union adopted this change early in its history, the Journeymen Horseshoers' International Union followed in 1890, the Machinists in 1893 and the United Brotherhood of Carpenters in 1894. Other more recently organized unions have also adopted the plan, many introducing it in their first constitutions. Several of the prominent national unions, however (among which are the Iron Molders' Union, the Bricklayers' and Masons' International Union, and the Glass Bottle Blowers' Association), still maintain the offices of secretary and treasurer distinct, but the tendency in these as in other unions is to enlarge the duties and responsibilities of the secretary over those of the treasurer, giving the former full power to direct and superintend the financial affairs of the organization.

The officer, therefore, usually in full charge of the financial administration of the national unions is the general secretary, or as he is more often designated, the general secretary-treasurer.[3] He is chosen from among the leaders of the organization in the same manner as other executive officers, and although his tenure of office is for a fixed term, he is customarily re-elected year after year as long as he attends to his duties satisfactorily and is willing to accept

[3] A notable exception is the Cigar Makers' International Union in which the President performs the duties of a financial secretary. See Constitution of the Cigar Makers (1904), secs. 45, 48.

re-election. In the Brotherhood of Carpenters and Joiners, for example, Secretary-Treasurer P. J. Maguire was continued in office from the inception of the union in 1881 down to 1901, a period of twenty years. Mr. Adolph Strasser, who as International President of the Cigar Makers administered the business affairs of the organization, served for a similar period. The chief financial officers of the Iron Molders' Union, the Glass Bottle Blowers' Association and the United Mine Workers, have been likewise retained in continuous service. As a general rule, men possessing the training and knowledge essential to trade union business management are not easily found among the ranks of ordinary members. Accordingly, when a leader with these qualities performs his duties faithfully, the union can ill afford the risk of replacing him by another. Furthermore, in a number of national unions, the person holding the office of general secretary has taken a prominent part in the formation of the organization, and for this reason his retention in office is regarded as essential to its stability and progress. These reasons, together with the responsible character of the office, tend to exalt the position of the secretary-treasurer, making the incumbent, not merely a business manager, but rather a leader in questions of trade policy. Though in the older national organizations his influence in union affairs is superseded to some extent by that of the general president who assumes charge of collective bargaining, it is supreme, nevertheless, in the newer and less centralized unions.[4]

The duties of the general secretary are much the same in all organizations. Generally speaking, he attends to all financial and business matters of the organization. He is given full charge of the union's books, papers and office equipment, and must keep the accounts between the local

[4] The influential position of the Secretary-Treasurer arises from the fact that in many of the loosely organized unions, the President is a sort of honorary presiding officer, receiving no stated salary and coming to the central headquarters merely for conference or to attend meetings of the executive board; see ante, p. 114.

branches and the central office, attend to the office correspondence, pay out all authorized bills and obligations and, in some cases, also act as the secretary of the executive board and editor of the official journal. In the unions that have no separate treasurer, he also acts as custodian of the funds, holding in his hands sufficient money to meet the ordinary needs of the union.

To attend to all these duties properly requires a knowledge of business management and superior administrative ability. The mere supervision of the official correspondence with the local unions is, of itself, a serious and difficult task, since the collection of the national revenue and the enforcement of discipline throughout the jurisdiction (questions of vital importance to the welfare of the organization) are involved therein. Of no less difficulty is the work of supervising the accounts of business transacted; of compiling statistics of membership, wages and other matters of interest to the trade; of preparing financial reports, circular returns, balance sheets and other documents issued by the union; of aiding in the work of collective bargaining and arbitration, and, at the same time, of acting as the official spokesman in all questions with which the membership is from time to time confronted. Even with a corps of efficient assistants and clerks at his command the task of the general secretary is a highly responsible one.

Several of the larger national organizations, owing to the extension of their activities and the increasing complexity of their administrative work, have divided the office management into separate departments, placing a responsible head over each. Thus, in 1895, when the Iron Molders' Union inaugurated a national system of sick relief, a new officer, known as the "financier" was appointed to supervise the administration of this benevolent feature.[8] Similarly in the United Garment Workers, an officer, desig-

[8] Constitution and Rules of the Iron Molders' Union adopted 1892, Art. IV, sec. 10.

nated general auditor, was formerly elected with the general secretary-treasurer, to take full charge of the accounts between the local and subordinate unions and the central office.[6] The Brewery Workmen also employ an officer for this purpose, thus simplifying the duties of the secretary-treasurer.[7]

The separation of the offices of secretary and treasurer, which, as already pointed out, still obtains in certain of the older organizations does not appreciably lessen the burden of the general secretary, though it relieves him of a share of responsibility. On the contrary, this plan of separating the receiver and disburser from the custodian of the funds involves additional bookkeeping, since the former, besides keeping an account with the local unions must also keep a daily account with the treasurer. In the Iron Molders' Union, for example, where the treasurer receives per capita taxes direct from the locals, instead of through the general secretary, as is the practice in most other organizations, the system not only entails extra bookkeeping and correspondence, but also places an increased burden upon the local officers. The local officers in making remittances, must, in addition to forwarding the money to the treasurer, who resides in a different locality from the secretary, also send a record thereof to the general secretary, thus doubling the amount of correspondence. The absence of the treasurer from the central office, an arrangement prevailing in several unions in order to prevent collusion between the two financial officers, is the cause of much inconvenience. Delay in the payment of benefits and other obligations is occasioned thereby, since several days must elapse before orders upon the treasurer for funds can receive attention.[8]

---

[6] Constitution of the United Garment Workers (1902), Art. VI. sec. 11.

[7] Constitution of the International Union of United Brewery Workmen of America (1903), Art. VI, sec. 11.

[8] Proceedings of the Twenty-first Session of the Iron Molders' Union (1899), p. 624.

The inconvenience and delay arising from a division of responsibility for the fiscal operations of the national unions, have led to the concentration of the entire business management into the hands of one responsible bonded officer, who has the privilege of selecting his subordinates and clerks,[9] the power to direct and supervise their labors, and to otherwise superintend the office administration. Unity, efficiency and harmony in administration is thus assured, where otherwise discord, neglect and delay might result.[10]

The methods of bookkeeping and accounting prevailing in the central offices of the national unions are virtually the same as in ordinary business corporations or insurance societies. A distinctive feature in many organizations, however, is the practice of maintaining separate funds for meeting the different forms of expenditure. The monthly revenue, for example, is apportioned among five different funds in the Typographical Union; among four in the Iron Molders' and the Pattern Makers' League; among three in the Boot and Shoe Workers' Union, the International Brotherhood of Electrical Workers and the Journeymen Barbers' International Union, while in a great many others the defense fund is maintained separate from the money designed for general or beneficiary expenditure. This system of apportionment is the outcome of a general desire on the part of both the convention delegates and the general membership of the organizations to adjust the revenues of the central office to a definite scale of expenditure. Little opportunity is thus given the national executive officers to enhance their own authority or to extend the activities of the national organization by expending the funds for purposes other than those prescribed in the written constitu-

[9] In some unions the approval of the President and executive board is required.

[10] Instances of discord arising from the employment of several financial officers of equal rank has occurred in the United Brewery Workmen; see Proceedings of the Thirteenth Convention of the International Union of United Brewery Workmen of America, pp. 19–27, 52.

tions. Moreover it is very difficult to have members consent to an increase in the monthly income of the national union, except for some specific purpose, or more particularly for the maintenance of some new benefit.[11] Accordingly a fixed portion of the revenue is appropriated for each additional benefit or activity undertaken by the national organization. The expenditures of the national unions are in this way practically controlled by the membership body, since the executive officers are prevented from freely using the national funds for certain purposes to the detriment or exclusion of other purposes. Money appropriated for a defense fund cannot be used for organizing purposes, neither is it possible to expend for the support of strikes, funds set aside for the payment of relief claims.[12]

The greatest difficulty attaching to the separate fund system of bookkeeping in the national trade unions lies in the absence of any practical rule for apportioning the revenue of the union among the several funds. As a general rule this adjustment is little more than guess work and is accomplished with any accuracy only after many changes. A change in the number or age grouping of the membership may cause a serious drain upon the funds set aside for beneficiary purposes, and disturbances in trade conditions may result in a rapid exhaustion of the defense fund. Under these circumstances it is often necessary to borrow from one fund, a proceeding which not only destroys the purpose of the separate fund system, but in addition renders the work of bookkeeping more difficult. In the International Typographical Union, for example, during the years between 1896 and 1900 the fund maintained for general administrative expenditures was found insufficient to meet

[11] Proceedings of the Forty-fourth Annual Session of the International Typographical Union, p. 17.

[12] The privilege, however, of transferring temporarily money from one fund to another is given to the general executive board by the constitutions of several international unions; see Book of Laws of the International Typographical Union; also Constitution and Rules of the Iron Molders' Union, adopted 1902, Art. VI. sec. 3.

the demands upon it, and consequently had to be supplemented constantly by money transferred from other funds.[13] Frequent changes in the plan of apportionment have also been made in the Typographical Union.[14] The transfer of money from one fund to another and changes in the amount of revenue appropriated to each fund have also occurred from time to time in the Brotherhood of Carpenters and Joiners, in the Iron Molders' Union, and in the Pattern Makers' League.[15]

To avoid the inconvenience and extra labor involved in the maintenance of special funds, a few of the older organizations have abolished the system altogether, and discharge all obligations from a common fund. This step was taken by the Granite Cutters' Union in 1897, by the United Brotherhood of Carpenters and Joiners in 1896, by the United Brewery Workmen in 1899, and by the Journeymen Plumbers in 1898. The Cigar Makers' International Union since 1879 has followed the plan of having all receipts go into a common fund. The International Association of Machinists, the United Mine Workers, the Leather Workers on Horse Goods and a few others likewise maintain no separate funds.

The safeguarding of union funds against misappropriation has always been a serious problem in the financial administration of American trade unions. As unchartered associations without legal protection and compelled from their structural character to entrust their funds to individuals over whom a thorough supervision could be exercised with the utmost difficulty, there is little cause for wonder that almost every American union, whose history covers

[13] Proceedings of the Forty-sixth Session of the International Typographical Union, p. 9.

[14] Proceedings of Forty-fourth Session, p. 17; also Forty-eighth Session, p. 29.

[15] Proceedings of the Tenth General Convention of the Brotherhood of Carpenters and Joiners (1898), p. 27; Proceedings of the Twentieth Session of the Iron Molders' Union, p. 48.

more than a decade, has at some time or other suffered from a serious defalcation.

The present disinclination of labor unions to incorporate is of comparatively recent origin. Previous to the use of injunction and damage suits by employers, the leading trade unions made serious efforts to secure charters. Thus, during the decade between 1870 and 1880, the National Union of Bricklayers and Masons, the Iron Molders' Union, the International Typographical Union and the Blacksmiths' and Machinists' Union,[16] each in turn, made application for a charter from Congress, but without success.[17]

The Typographical Union, after failing to obtain incorporation from the national government, sought incorporation from the State in which its treasurer resided. The special convention of the Iron Molders' Union in 1870, convened because of the defalcation of the national president, was urged by the acting executive, Mr. Fitzpatrick, to incorporate. "The great amounts of money held by the various officers and under their control," he said, "proves conclusively that some measure should be adopted to guard safely the interests of our members."[18]

Although incorporation would have undoubtedly improved the financial organization of the early unions, it is doubtful whether it would have prevented misappropriations, since as we have already intimated, losses of this kind can usually be traced to the inability of the unions to examine the accounts of their trusted officers closely and frequently. For example, when in 1884, the treasurer of the Iron Molders' Union absconded with $19,867.46 of the union's funds, it was found that the trustees who had been appointed jointly to examine his accounts from time to time and to take charge of the

[16] The Blacksmiths' and Machinists' International Union was incorporated under the laws of Ohio in 1870.

[17] See Twelfth Annual Session of the Bricklayers and Masons, p. 5; also Sixteenth Annual Session, p. 18; also Iron Molders' Journal, May, 1897, and Proceedings of the Fifteenth Session of the Cigar Makers' International Union, p. 4.

[18] Iron Molders' Journal, May, 1879.

surplus cash held by him could not come together often enough to prevent a large sum accumulating in his hands.[19] The defalcation of the secretary of the International Typographical Union in 1887 was ascribed to the same cause. In this instance the shortage was not discovered until the general convention assembled the year following, and even then the extent of the loss could not be ascertained until nine months thereafter owing to the "mutilated" condition of the secretary's books.[20]

Instances of more recent losses can be explained upon similar grounds. The notable case of the secretary-treasurer of the United Brotherhood of Carpenters and Joiners, who held this office from the inception of the union in 1881 down to 1901, offers a good illustration of the inadequate system of supervision that has prevailed in even the largest and most progressive of American trade unions. Although in 1901 the United Brotherhood could boast of more than eleven hundred local branches, with a membership aggregating seventy-five thousand, the only salaried executive officer was the secretary-treasurer. The president and members of the executive board worked at the trade in the localities where they resided, receiving per diem allowances for the time spent in union business. Insufficient supervision was exercised over the office of the secretary-treasurer. Errors in accounts and shortages amounting to $10,074.93 were not discovered until the regular meeting of the general executive board in September, 1901. Further delays in ascertaining

[19] For some time previous to his defalcation, the Treasurer was receiving money at the rate of $5,000 per month, whereas his bond amounted to but $6,000. To keep the balance in his hands below this amount would have required the trustees to remain almost continuously in Brooklyn, his place of residence; see Proceedings of the Seventeenth Session, pp. 6–7.

[20] A special committee appointed to examine the Secretary-Treasurer's books, estimated the shortage to be $2,238.38, due to careless bookkeeping rather than to misappropriation. The delinquent secretary himself explained it as the result of making legitimate expenditures without retaining vouchers; see Proceedings of the Thirty-sixth Session of the International Typographical Union, pp. 15, 88, 94.

the nature and extent of the shortage resulted in failure to properly notify the bonding company thereof, thus rendering worthless the bond of the secretary-treasurer. The only recovery was a quit claim given by the defaulting officer for salary due him.[21]

Another recent instance of a serious defalcation, occurring in the Brotherhood of Leather Workers on Horse Goods during 1902, may be ascribed not only to inadequate supervision but also to a lax method of safeguarding funds held by the secretary-treasurer. The president of this organization resided in a locality distant from Kansas City, the location of the central office, and found it impracticable to countersign checks drawn by the secretary-treasurer upon the funds of the union. To comply with the requirements of the bonding company, that two signatures should be affixed to checks and warrants, a clerk in the office was authorized to countersign in place of the president. The secretary within a few months, made away with over six thousand dollars of the union's money.[22]

Other instances of financial losses by trade unions exhibit the same underlying causes. Almost every serious defalcation that has ever occurred may be said to have been due either to lax administrative methods in supervision and inspection or to insufficient safeguards placed about the funds in the custody of trusted officers.

With the improvement in the financial resources of the national unions during the last two decades, however, provisions against misappropriation have been gradually introduced by the leading national organizations. The most practicable method employed to accomplish this end has been the appointment of a few leading members, generally the executive board, to act jointly as the guardians or trustees of all property belonging to the organization. These trustees,

[21] Proceedings of the Twelfth General Convention of the United Brotherhood of Carpenters and Joiners, pp. 20–24.

[22] In this instance a recovery of the loss was obtained from the bonding company; see Leather Workers' Journal, July, 1904, p. 716.

acting in conjunction with the president, are elected in the same manner as the other officers, and if not already receiving a salary, are paid according to the time required in the performance of their duties. Their duties are supervisory and similar to some extent to those of the board of directors of an industrial corporation. As a general rule, they are required to receive from the treasurer all funds over a specified amount held by him and to deposit such amounts in accredited banks or to invest them in United States bonds or other securities in their own name and the name of the union. It is their further duty to examine from time to time into the accounts of the officers and to see that they are properly bonded. If for any reason they are not satisfied with the condition of the accounts or consider an officer incompetent or negligent of his duties, they may suspend him from office and appoint another in his place. Acting jointly and not individually in their official capacity, and in most cases placed under bond, the trustees rarely abuse their powers. Moreover, since the signatures of at least a majority of their number are required to draw funds deposited in their name, misappropriation of funds entrusted to them is almost an impossibility.[28] The danger of losses from other sources is also reduced when the trustees are able to inspect the accounts of the officers carefully, and are otherwise faithful in the performance of their duties.

Next in importance to the appointment of trustees as guardians of funds and other union property, are the con-

[28] The Constitution of the Boot and Shoe Workers' Union provides (1904, sec. 8) that all money deposited in banks by the trustees can be withdrawn only with the consent of the majority of the board, upon a draft countersigned by the Secretary-Treasurer. The Iron Molders' Union and the International Association of Machinists have a similar constitutional provision. The executive council of the International Typographical Union, consisting of the President, first Vice-President and Secretary-Treasurer, act as the trustee of all the funds above $20,000. The reserve funds of the Cigar Makers' International Union are held in trust by the local unions and consequently no provision for an international board of trustees is necessary.

stitutional provisions for bonding and auditing. The amount of the bond required of each financial officer frequently corresponds to the constitutional limit placed upon the amount of funds he is permitted to have in his custody. In the International Typographical Union and the Boot and Shoe Makers' Union these provisions are identical, the former requiring the secretary-treasurer to be bonded in the sum of $20,000 and making it the duty of the executive council to secure by investment or deposit all funds held by him in excess of this amount; the latter requiring a bond of $5000 with a similar provision. The usual practice, however, is to fix the bond in excess of the funds the officers are permitted to retain. The constitution of the Bricklayers' and Masons' National Union provides for the bonding of the treasurer in the sum of $10,000 but does not permit him to have on hand at one time more than $100 of the general funds.[24] Similarly, in the United Brewery Workers, the bond of the secretary-treasurer is fixed at $5000, and it is the duty of the trustees to take care that he "shall never have more than $2000 as an open account in the bank, all surplus must be turned over to the trustees to be invested by them in good securities."[25] Other leading unions take similar precautions.[26]

In the few unions where no provision is made for trustees to act as joint guardians of surplus funds, the bond of the treasurer, who thus becomes sole custodian, is usually much larger. Thus, in the Brotherhood of Carpenters $50,000 surety is required from the general treasurer "as security

[24] Constitution of the Bricklayers' and Masons' National Union, Art. V, secs. 1–3.

[25] Constitution of the International Union of Brewery Workmen (1904), Art VI, sec. 17.

[26] The Secretary-Treasurer of the Machinists is bonded in the sum of $10,000 and may not hold in his name more than $5,000. (Constitution, Art. III, sec. 7.) The bond of the Secretary-Treasurer of the Mine Workers is placed at $25,000 and $15,000 is the maximum that he is allowed to retain in his hands. The Treasurer of the Iron Molders is bonded in a similar amount and under like conditions, while the Secretary is bonded in the sum of $5,000 and "shall at no time have in his possession more than $750 for legitimate office expenses." Constitution, 1902, Art. IV, sec. 7.

for the faithful performance of his duties,"[27] and a like sum must be furnished by the treasurer of the Glass Bottle Blowers' Association. In almost every instance the executive board or the trustees who hold the bonds of the financial officers have the right to increase the amount of the bond whenever they deem such a step necessary.[28]

The greatest benefit derived by the union from these bonding provisions is that, to comply with the conditions imposed by the surety companies, improved methods of bookkeeping and more efficient means of supervision must be introduced. Warrants and checks must be countersigned by competent persons[29] and proper measures must be taken for auditing and accounting, or the companies refuse to underwrite the risk. These precautions rather than the actual insurance against loss are undoubtedly the best safeguards against the evils of maladministration and misappropriation. Moreover, recovery on the bond of a defaulting officer is not infrequently a difficult matter, the surety companies often escaping payment through the failure of the unions to fulfill all the conditions of the contract or their inability to properly state the nature and extent of the loss. A resort to the courts to enforce payment involves additional expense and inconvenience and in most cases results unfavorably to the union.

American trade unions, therefore, rely mainly upon improved methods of auditing and accounting for the safety of their funds. Nothing has proven more effective in promoting efficiency in management or bringing to light discrepancies and misappropriations. This fact is now recog-

[27] Constitution, sec. 30.

[28] The expenses of the bonding, almost without exception, are paid from the funds of the union.

[29] The person generally designated to countersign all drafts is the president, although in some unions this is rendered difficult owing to the absence of the president from the central office; in such cases a resident trustee is substituted. The Iron, Steel and Tin Workers require three signatures upon all warrants, and the Boot and Shoe Workers, four.

nized by all the leading organizations and the methods employed for detecting fraudulent entries or errors in bookkeeping have been much improved in recent years. Whereas it was formerly the practice to have the books of the national officers examined but once a year at each convention, by an auditing committee appointed by the delegates from their own number, the present method is to have permanent auditing boards examine the books at intervals of from one to three months or oftener if examination is requested by the executive board. Expert accountants are also employed by a number of unions to make a thorough examination of the books at regular intervals. The constitution of the Carpenters requires such expert examination every three months and the Typographical Union twice yearly. The reports of these auditors and accountants and also the monthly or quarterly statements of the general secretary are usually published in the official Journals, thus acquainting the membership with the fiscal operations and the financial affairs of the national organization.

Proper methods of investment are next in importance to bonding and auditing as measures for safeguarding funds. In times past this was not a serious problem with trade unions for the simple reason that their limited revenue did not permit the accumulation of surplus reserves. The steady growth in their financial resources within recent years together with the adoption of the policy of accumulating reserve funds for defensive and benevolent purposes, however, has induced the most progressive national organizations to seek forms of investment which would assure the safety of the funds and at the same time give the unions additional sources of income. The fiscal exigencies of trade unions make it necessary to invest only in securities which can be immediately converted into ready funds during times of conflict. The investment methods available, therefore, are the deposit of funds at interest in banking institutions from which withdrawals can be made on short notice, and secondly, the purchase of government or municipal bonds hav-

ing a stable market value. Such investments naturally yield only a relatively small income.[30] Banks and trust companies accepting short time deposits cannot be expected to pay a rate higher than 3½ per cent per annum, and when the privilege of full and immediate withdrawal is given, the rate is not much above 2 per cent. On the other hand the high premiums that must be paid for Government bonds, bring down the income obtained from their purchase to an even lower rate.[31] The absolute security of funds invested in Government bonds, however, makes their purchase desirable as investments for labor associations despite the small income gained therefrom. The tendency, therefore, is for the national organizations to invest their resources in this way. The constitution of the American Federation of Labor provides that all money over $15,000 shall be thus invested. A few other organizations have a similar constitutional provision, though as a general rule the choice between deposit with a reliable banking institution or purchase of United States bonds is left with the executive board acting in their capacity of trustees.[32] The International Association of Machinists, the United Mine Workers, the Boot and Shoe Workers and several other national organizations, however, restrict investments to deposit with reliable banks or trust companies. The plan followed by the United Mine Workers is to keep all their available funds on deposit with the various banks of Indianapolis,[33] where

[30] The interest obtained by the Glass Bottle Blowers from $240,000 held on deposit during year ending July, 1904, amounted to $6,129.30. The total paid out for salaries and office help amounted to $5,580, leaving a balance of $549.30; see Proceedings of Twenty-eighth Annual Session.

[31] Thus, on a purchase of $100,000 of United States 4 per cent bonds, maturing in 1925, the Glass Bottle Blowers' Association was compelled to pay $36,500 premium. See Proceedings of Twenty-seventh Session of the Glass Bottle Blowers' Association, p. 53.

[32] This policy prevails in the International Typographical Union, the Iron Molders' Union, the Cigar Makers' International Union and the various brotherhoods of railway employees.

[33] Prior to 1903, it was also the policy of the Glass Bottle Blowers' Association to have their reserve funds, which exceeded $100,000, on deposit with banking institutions at Pittsburg. The highest rate

the central office is situated. The secretary reported to the fifteenth annual convention that on November 30, 1903, funds aggregating $1,129,137.48 were thus deposited to the credit of the union.[84] Similarly, the International Association of Machinists in March, 1903, had on deposit with a single banking institution in Washington, D. C.,[85] approximately $70,000. The Boot and Shoe Workers, on the other hand, regard as unsafe the plan of entrusting funds to institutions located in a single city and prefer to distribute their reserve among banks located in different sections of the country. The Cigar Makers, owing to the fact that the general funds are in the custody of the locals, likewise have money on deposit in almost every city in the country.[86] This distribution of the custody of funds, it is claimed, reduces the risk of serious loss through bank failures or fraudulent withdrawals.[87]

American trade unions have made noteworthy progress in acquiring a larger control over the fiscal administration of their local or subordinate branches. In the chapter on revenue we have already shown that such progress is essential both to the growth of financial power and to the extension of the activities of the national unions. As long as local unions are permitted to regulate their own revenues and otherwise manage their finances in their own way, the na-

---

of interest received was four per cent per annum; see Proceedings of the Twenty-fourth Annual Session of the Glass Bottle Blowers' Association (1900), p. 25.

[84] See Minutes of the Fifteenth Convention of the United Mine Workers (1903), p. 48.

[85] Machinists' Journal, Vol. XV, p. 483. The President of the Machinists has urged the purchase of bonds as a safer though not so profitable form of investment.

[86] See the Boot and Shoe Worker, April, 1901, p. 7. It is also the policy of the Boot and Shoe Workers to withhold from the public the names of the institutions where they have funds on deposit.

[87] Through a bank failure the International Typographical Union in 1899 lost $12,259.74; see Proceedings of the Forty-fifth Convention of the International Typographical Union (1899), p. 85.

tional unions are unable either to build up a large central treasury or to enforce discipline over their sources of income. Efforts made to acquire control over local finances and local administration, however, have been strongly opposed as measures interfering with the principle of local autonomy, which in many unions is still considered the basic principle of organization. The national unions have always experienced the utmost difficulty in promoting better fiscal relations with their local and affiliated branches. National trade organizations do not have the privilege of selecting or removing at will their own local administrative agents in the same manner as industrial or business corporations. Local officers upon whom they must depend for the collection of their revenues and the execution of their orders are elected by the local membership, the national executive officers having no voice whatever in their selection. Consequently if men are placed in office who neglect the duties required of them by the national constitution, the only practicable remedy is the suspension of the local from the rights and privileges of the national organization—a step entailing both numerical and financial loss and often leading to serious discord within the organization. Because of this inherent weakness in trade union structure, local administrative officers are very often retained in their positions by the local memberships despite and in the face of the protests of the national officers and the losses incurred through careless management. To obviate as far as possible these disadvantages the best organized and most progressive unions have been led to contrive measures for securing their financial interests within the locals and for promoting better business management therein. Such measures in general aim to bring about (*a*) a more efficient collection of national revenue and a better local administration of national beneficiary features; (*b*) the use of uniform and improved methods of local bookkeeping and accounting; and (*c*) the safeguarding of local funds from misappropriation and fraud. The means

employed to accomplish these aims and the success thus far attained will be examined in turn.

(*a*) Probably the most difficult problem connected with the administration of American trade union finance has been the prevention of "tax dodging" by the local unions. Under the per capita tax system of revenue which makes the central treasury of the national union dependent directly upon the funds of the locals for support, evasion of the full share of the burden has gone on continually. Locals, whenever it suited their convenience, have failed to report the full number of members in good standing, and have in this way diverted to their own coffers revenue properly belonging to the general treasury. The common method of doing this has been to permit a certain number of members to fall behind in the payment of their local dues until after the remittance of the per capita tax to the headquarters of the national union, in the meantime, reporting these delinquent members as in arrears and consequently not in good standing. As a result of this sort of tax evasion many of the national unions have been systematically deprived of a large part of their income. Thus, in the Iron Molders' Union, an organization maintaining a relatively high grade of discipline within its ranks, only seventy-five per cent of the per capita tax estimated as due from the locals reached the central treasury.[88] The percentage of loss in other organizations has been even greater. The secretary of the Brotherhood of Boiler Makers in 1899 reported that less than one-half of the per capita tax paid in by the individual members was received by the national union.

Several remedies for putting a stop to this tax evasion have been tried with varying degrees of success. Fines and other penalities were imposed by a number of unions upon locals convicted of defrauding the national treasury of any part of the dues. Thus, the constitution of the United Mine

[88] Proceedings of the Twentieth Session of the Iron Molders' Union (1895), p. 12.

Workers provides suspension from the national organization as a penalty for the offense, while the constitutions of the Brotherhood of Boiler Makers[89] and of the Amalgamated Meat Cutters give the executive officers power to discipline, at their discretion, any local union misrepresenting the numbers of its membership in order to avoid the full payment of national dues. Others, again, require a full list of the names of members paying dues to accompany remittances by the locals, thereby enabling the national secretary by comparing consecutive lists, to ascertain the standing of each individual member at every payment of the per capita tax. If members in good standing are not reported on these lists, they are thus made ineligible to the benefits of the national union. Local secretaries submitting false reports may in this way deprive members of their rightful privileges.

These methods, however, have not proven as effective as the "stamp receipt system" of collecting the national dues, almost universally in force at present in the national organizations in this country. This system consists of the sale of adhesive stamps to the local unions, each stamp representing the amount of the periodic per capita tax or other charges levied for the support of the central treasury. The stamps are affixed by the local secretaries to the due books or working cards of the members when they pay their dues or assessments, and thus serve as a receipt. Since no other form of receipt is recognized by the national union, each member in order to be eligible to the national benefits must show the full number of stamps in his due book for the period required. In order to prevent counterfeiting or fraud, the color of the stamps is changed at irregular intervals. Since in most instances remittances must accompany orders for stamps, local unions not sending in their orders promptly or otherwise permitting their stamp supply to become exhausted would be temporarily depriving their members of their good standing in the national organization. Downright evasion

[89] Boiler Makers' Journal, September, 1899, p. 275.

of the national dues thus become a matter of difficulty, and, accordingly, the unions, after first instituting the "stamp receipt system" have experienced a sudden growth in the number of paid up members and a proportionate enlargement of their incomes. Thus, the receipts from the per capita tax in the International Typographical Union, in the first four months after the institution of the system showed an increase of four thousand members.[40] The beneficial effect in the Journeymen Plumbers' Association was even more pronounced, the national revenue, during the year following the inauguration of the system, almost doubling.[41]

Another useful device in the collection of revenue which has recently been installed by several large organizations is a duplicate card filing catalogue. This makes possible the preservation in convenient form of complete records of each individual member in every local union. The standing of each member can thus be ascertained at all times, and, consequently, evasion of dues or the presentation of fraudulent claims to benefits can be readily detected. A number system of membership registration is likewise a convenient device for keeping the records of individual members, especially when used in connection with the card filing system. Each member, according to this plan, at the time of his initiation, is assigned a number by which he is thereafter designated at the national headquarters. The number is placed in the members' due book and a duplicate record is kept on file upon the books of the national union or in the card catalogue. To national unions paying benefits to members directly from the general funds, the system of numbering is a valuable aid in determining the eligibility of members to benevolent relief. The plan has been successfully put in operation by the Iron Molders' Union, the Brotherhood of Painters and Decorators and the Pattern

[40] See Proceedings of the Forty-seventh Session of the International Typographical Union, p. 39.

[41] See Proceedings of the Tenth Session of the United Association of Journeymen Plumbers, etc. (1899), p. 15.

Makers' League and has long been in use in the Cigar Makers' International Union.

(*b*) Despite the benefits resulting from these expedients, complaints on the part of the national officers of evasion of dues and the payment by local unions of illegal and fraudulent claims to benefits are still frequent. The adoption of further means of improving the business management and enforcing more efficient discipline over the local financial officers has been urged.

The greatest progress along these lines has resulted from the introduction of uniform systems of bookkeeping and accounting in the local unions. Up to within a few years ago, the practice prevailed in a large number of unions of permitting local financial officers to keep their accounts according to their own ideas and methods, thus occasioning frequent errors in local bookkeeping and constant strife over indebtedness and arrearages for national dues between the local and the central office. These difficulties have been partially remedied by the use of printed ledgers, cash books and necessary blanks prepared and furnished by the central office of the national union, in which detailed instructions as to the principles and methods of accounting to be followed are set forth.[42] Other methods or the use of books other than those furnished by the national union is prohibited and the locals whose officers fail to comply with the rules prescribed are subject to fines or suspension. These printed books serve both to simplify the work of the local financial officers and to avoid losses to the national unions arising from confusion and errors in accounts. Each local secretary having printed instructions before him on his ledger page, with debit and credit columns plainly marked off, with balance sheets prepared and other printed devices for simplifying his task, even if untrained in business methods, finds little difficulty keeping correct accounts or

[42] These books are sold to the locals by the central office at a price slightly above their cost.

otherwise performing his duties satisfactorily. The auditing of local accounts is likewise simplified through the use of a uniform system of local accounting. Although in a large number of unions, this is a matter left entirely to the local branches, several of the more highly centralized national organizations have inserted provisions in their constitutions, requiring the periodical audit of the books kept by local officers. Thus, the International Association of Machinists, the International Typographical Union, the Granite Cutters, the Locomotive Engineers, and the Boot and Shoe Workers require a regular audit of local accounts by a committee, elected for that purpose, once every three months, while the Brotherhood of Carpenters and Joiners and the Cigar Makers' International Union require a monthly audit. These provisions, even though enforced with great effort, owing to the difficulty of enforcing penalties for neglect, furnish the national organizations with some means of discovering errors or misappropriations on the part of local officers.[48]

The Cigar Makers' International Union until recently was the only American national labor organization which, in addition to a local auditing committee, regularly employed men to travel from one local to another, examining the accounts of the officers and instructing them in their duties. These men, known as "financiers," are appointed by the president of the union and receive a salary of not less than eighteen dollars per week and expenses. Should, upon examination, discrepancies be discovered in the local account, the "financier" has power to suspend the officer, and should there be evidence of misappropriation or fraud,

[48] In most cases the local auditing committees report directly to the local membership. The laws of the International Typographical Union (Book of Laws, 1905, p. 42), however, require the report to be made to the national Secretary-Treasurer, and should inaccuracies appear therein, it is the duty of the international President to appoint an expert accountant to examine the local's books and financial records for the purpose of detecting errors or misappropriations. The Cigar Makers' International Union has a similar constitutional provision.

he may order his arrest. In spite of the fact that under the "common fund" system of finance of the Cigar Makers, the custody of all general funds is entrusted to local officers, the percentage of loss from misappropriation or embezzlement is less than in the unions organized under the central fund system, in which the national revenues are remitted periodically to the central office and held by the responsible officers of the national union.[44]

(*c*) The superior showing of the local financial management of the Cigar Makers' International Union is especially noteworthy because of the absence of bonding provisions in the constitution. The safety of the local funds is secured by means of a joint responsibility placed upon the local officers who act as trustees. Each local union is required to deposit in an appointed bank or to purchase registered bonds of the United States and Canada all moneys over a specified amount, varying in each union according to the size of its membership.[45] The funds can only be deposited or withdrawn by the local treasurer in the presence of at least two trustees, and "these officers shall be held responsible for neglect of duty."[46] The deposit of funds or the purchase of bonds must be done by and in the name of the trustees and with the advice of the union. By this system of joint control there is little possibility in the Cigar Makers of gross dishonesty upon the part of a single officer. Consequently the losses from this source are very small, amounting on an average to less than $200 per annum.

In this respect, however, the case of the Cigar Makers' International Union is somewhat exceptional. In other American trade unions, maintaining an inferior grade of discipline, the heavy losses resulting from the dishonesty of local offi-

---

[44] See ante, p. 16.

[45] Unions with 25 members or less can keep on hand $25; 50 or less, $35; 100 or less, $60; 250 or less, $75; 500 or over, $100 (Constitution, sec. 169).

[46] Constitution, sec. 160. The President of the Union acts as custodian of the bank book and "as general supervisor of all deposits."

cers are a serious cause of financial weakness. Thus, in the Brotherhood of Decorators and Painters, during 1902, more than $10,000 was lost through local defalcations, while losses from the same cause in the International Association of Machinists during the two years of 1899–1901 aggregated $8429.[47] Even in the older and better disciplined unions, such as the Iron Molders' and the International Typographical, the defalcations of local officers with union funds are not of infrequent occurrence.[48]

Although in a great majority of trade unions the losses resulting from the dishonesty of local officials are borne by the locals themselves and not by the central treasury, the latter, nevertheless, suffers indirectly through the impoverishment or, as frequently happens, the bankruptcy of the local. Moreover, the dishonesty of a member in whom a trust has been reposed has an injurious effect upon the entire membership, causing them to lose confidence in the union and its principles. Accordingly, it is the aim of the most progressive national organizations to minimize this evil as far as possible, first, by the introduction of improved systems of local accounting such as we have already described, and, secondly, by requiring the strict bonding of local officers handling union funds. Thus, the Typographical Union, the Machinists, the Retail Clerks, the Painters and Decorators, the United Mine Workers, the Boiler Makers and the Journeymen Barbers have adopted constitutional provisions requiring the local unions to bond their financial officers. These provisions, however, are largely ignored and since the national officers experience great difficulty in enforcing them upon the locals, they prove almost entirely inoperative.[49]

A new method of overcoming these difficulties, lately adopted by a few national unions, is an arrangement with

[47] Machinists' Journal (1901). Vol. XIII, p. 471; see also Vol. XV, p. 486.

[48] See Iron Molders' Journal, August, 1904.

[49] Generally, the bonds are filed with the locals. The Painters the Decorators and the Boiler Makers, however, require that the bond be filed with the national Secretary-Treasurer.

a surety company for a "blanket" bond covering all losses from misappropriation and embezzlement on the part of local secretaries and treasurers under their jurisdiction. This plan has been followed with success by the Railway Trainmen, the Railroad Telegraphers and the Locomotive Firemen, and has been recently adopted by the Retail Clerks' International Protective Association and the Journeymen Barbers' International Union. Bonding companies, from experience, however, have found that the risk is very great and refuse to make such contracts unless they are paid high premium rates, and then only if certain regulations regarding auditing and accounting are complied with by the local unions.[80]

[80] For example, a bonding company agreed to underwrite the losses from local defalcations in the Amalgamated Meat Cutters' and Butcher Workmen's Unions, but after a few months, owing to the large number of shortages that occurred, gave up the undertaking. The Journeymen Barbers' International Union had a similar experience in 1904; see Proceedings of Eleventh Convention of the Journeymen Barbers' International Union (1904), pp. 50–51.

APPENDIX.

Financial Activities of Representative American Trade Unions.

Union.	National dues (per capita tax).[1]	Local dues.	Functions and activities of national unions.		
			Protective.	Beneficiary.	Sundry.
Journeymen Bakers' and Confectioners' Union.	20c. monthly ($1.00 initiation fee).	(Not stated.)	Strike assistance, rate determined by Executive Board.	[2]	Official Journal furnished members gratis.
Boot and Shoe Workers' Union.	16⅔c. weekly (66⅔c. initiation fee).	25c. weekly ($1.00 initiation fee).	Strike assistance, rate determined by condition of strike fund.	Death benefit, $50.00 after 6 months' standing; $100 after two years' standing.	Union stamp agitation. Journal furnished members gratis.
Journeymen Barbers' International Union.	35c. monthly.	(Not stated.)	(Not stated.)	Death benefit, $60.00 to $500 according to length of membership. Sick benefit, $5.00 per week.	Organizing and Legislative agitation. Mileage of convention delegates paid.
United Brewery Workmen.	25c. monthly ($1.00 initiation fee).	Minimum, 50c. monthly.	Strike benefit limited to $5.00 per week.	(None.)	Official Journal furnished members gratis.
Brotherhood of Carpenters and Joiners.	20c. monthly.	Minimum, 50c. monthly.	Strike assistance granted only when locals are engaged in "general" strikes and when condition of general funds warrant.	Death benefit, $100 after 6 months' standing; $200 after 2 years. Wife funeral benefit, $25. Total disability benefit of $100 to $400 according to length of membership.[3]	(None.)

Cigar Makers' International Union.	(See Chapter I, pp. 15–16.)	30c. weekly ($3.00 initiation fee).	Strike benefit, $5.00 per week.	Death benefit, $50.00 to $500.[4] Wife funeral benefit, $40.00. Sick benefit, $5.00 per week. Out-of-work benefit, $3.00 per week. Travelling loan.[9]	Union label agitation. Journal furnished members gratis.
Coopers' International Union.	50c. quarterly (50c. initiation fee).	(Not stated.)	Strike benefit, $4.00 per week.	(None.)	(None.)
International Brotherhood of Elec. Workers.	30c. monthly ($2.00 initiation fee).	Minimum, 60c. monthly ($5.00 initiation fee).	Strike assistance, rate determined by the Executive Board.	Funeral benefit, $100.	Convention expenses paid from National funds.
Amalgamated Glass Workers' Union.	15c. monthly (50c. initiation fee).	Minimum, 25c. per month ($1.00 initiation fee).	Strike benefit, $5.00 per week.[10]	Death and total disability benefit, $50.00 after one year's standing; $100 after two years.	(None.)
Iron Molders' Union.	18c. weekly ($2.00 initiation fee).	Uniform, 25c. weekly ($5.00 initiation fee).	Strike benefit, $7.00 per week.	Graded death benefit, $100 after 6 months' standing; $150 after 5 years' standing; $175 after 10 years' standing; $200 after 15 years' standing.	Organizing. Journal furnished members.[6] Convention expenses paid by National Union.
International Association of Machinists.	40c. monthly ($1.00 initiation fee).	Minimum, 75c. monthly.	Strike benefit, single men $4.00 per week; married men, $6.00 per week.	Graded death benefit, $50.00 after 6 months' standing, etc.	Journal furnished members. Organizing.